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ABSTRACT

The final report of the Committee on Priorities and Resources for the 1980's of Williams College, a small private liberal arts college, is presented. Certain assumed conditions--slower economic growth, higher inflation and energy and book costs, and lackluster securities performance--form the basic constraints for college finances. The recruiting picture is relatively clear, though problematic. The mission of the college remains relatively stable. The college position is assessed as currently strong, with a high application rate and competitive costs, and gains in overall financial strength. Recommendations for long-term change include: two-percent real tuition rise per year; endowment growth approximating inflation; addition of six full-time faculty to raise the student-faculty ratio to 12:1; reduction of nonacademic staff at 10 percent, through attrition; increased financial aid allocations; new capital funds of $4.5 million per year; no major new construction, but investment in renovation and energy conservation measures; and unchanged student body size (1,900). Faculty size and library are exempted from cuts. Budget reductions are recommended in athletics, student services, dining operations, academic support services, and general administration. Increased support is proposed for faculty and staff compensation, faculty and staff mobility and development programs, programs to increase student-faculty interaction and faculty collegiality, public relations efforts, and expanded computer capacity. (MSE)

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WILLIAMS IN THE EIGHTIES

A Report to the President of Williams College

June 1980

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Front cover photograph
of the middle entrance to
Ebenezer Fitch House
taken by Richard E. Doughty '80.

Williams College, Williamstown, Massachusetts 01267

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Foreword

When the Committee on Priorities and Resources for the 1980s was established in the spring of 1979 it was charged with developing recommendations to help Williams respond to the problems and opportunities of the next decade, keeping in mind two fundamental goals: "(1) maintaining a large pool of well qualified applicants and (2) maintaining a faculty that is talented, well compensated and professionally committed and proud."

The committee focused intently on that charge, and its report clarifies priorities and outlines strategies for maintaining the educational excellence and continuing development of Williams in a period in which higher education will face circumstances vastly different from the demographic and economic tides that buoyed American colleges to new heights of prosperity and status in the thirty years immediately following World War II.

Planning at colleges during recent decades has usually connoted growth and, indeed, the last major planning study at Williams resulted in admitting women and expanding the student body and faculty. But educational planning in today's environment has become both more imperative and more difficult — imperative because the margin for miscalculation has become perilously thin, and difficult because the result is more likely to call for redistribution of limited resources rather than the expansion of programs and opportunities.

The planning process represented by the work of the Committee on the Eighties is unusual in these times. The national mood of retrenchment and contraction suggests the obstacles to success when a group of faculty members, trustees and students attempts to agree on what goals a college should work toward and how it should use its resources over the next decade. The fact that the

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process used here has worked exceptionally well is a tribute to the quality of the committee's composition and leadership and an indication that constituency interests have been subordinated to concern for the College's overall health.

Following Trustee review of the committee's report, the initial steps for carrying out the major recommendations have already been taken. It is especially gratifying to note that the heads of divisions and departments of the College where budget and personnel cuts will occur are already far advanced in their planning and have received thorough cooperation from their colleagues in reaching specific decisions. Recommended budget additions will, of course, occur gradually as specified savings are realized and new funds acquired.

The Trustees, faculty, and students who have served on the Committee on the Eighties have been unstinting in their devotion to the committee's work, and it is a pleasure for me to thank them for the self-sacrificing quality of their labors and the valuable report they have produced. In its chairman, Professor Stephen R. Lewis, Jr., the committee enjoyed exceptional leadership, and I acknowledge with special gratitude his skillful management of the committee's work and his many contributions to its final report.

No planning group could be prescient enough to anticipate all the major circumstances that will affect the fortunes of Williams in the years ahead, but I am confident that the report of the Committee on the Eighties will be seen, a decade hence, as having stood well the test of time.

JOHN W. CHANDLER,
President

Preface

June 1980

To: President John W. Chandler

This is the final report of the Committee on Priorities and Resources for the 1980s.

The title of our report — "Williams in the Eighties" — is significant in several respects. First, the title is meant to indicate our confidence that there will be a Williams College at the end of the decade and that, indeed, the College is in a good position to emerge from the eighties healthy in all respects. Second, our analysis and recommendations are closely linked to what we view as the unique characteristics of Williams College: who we are, what we do well, who we serve. Finally, our recommendations are intimately related to the national and international conditions we foresee in the decade of the eighties.

As chairman of the committee, I would like to express my appreciation for the cooperation of all those who aided us in our task: faculty, students, administrative officers, staff, alumni, trustees, parents and friends of the College. They represent a major strength as we face the coming decade: the willingness of all members of the Williams community to give of themselves in diverse ways to improve the College.

I would particularly like to pay tribute to the members of our committee. They spent an extraordinary number of hours, often at very inconvenient times, working for the committee and the College. More important, they engaged their intellect and emotions in our task, argued forcefully, learned from one another, and developed a sense of collegial responsibility that made the chairman's job both simple and immensely enjoyable.

David A. Booth, associate provost, was of special help to us in several areas. He provided the hands-on skills in the construction of the new version of the College's 10-year planning model, assisted with the design and oversaw the implementation and analysis of the faculty and student opinion questionnaires which we used, and was an invaluable source of ideas and insights on many facets of Williams College.

Finally, without Dorothy H. Kirkpatrick we simply would not have completed our task. She handled our correspondence, made arrangements for meetings, followed up the loose ends, picked up after the chairman, and, ably assisted by Marion D. Wilkin, typed our memoranda and several drafts of our report. All this she carried in addition to her regular duties as secretary to the president. We are grateful indeed.

STEPHEN R. LEWIS, JR.
Chairman

Introduction

We first met as a committee in April 1979 to discuss the broad mandate from President Chandler to examine the set of unique conditions that would face higher education in the 1980s. The particular themes the President asked us to address were: (i) the substantial decline in the college-age population in the coming decade and into the 1990s; (ii) the over-supply of academic faculty that will become worse in this decade and will adversely affect both the economic status of the profession and the opportunities for mobility for Williams faculty, both young and old; and (iii) the adverse national economic climate and the effects of inflation, particularly on endowed institutions. The President's charge to the committee emphasized the development of strategies to serve two major institutional goals: "maintaining a large pool of well-qualified applicants, and maintaining a faculty that is talented, well-compensated, and professionally committed and proud."

Over the course of the past year, we attempted to gain a better understanding of the nature of the problems we face, and we sought the views of the principal constituencies of the College. We held meetings with trustees, faculty, administrative officers, the Executive Committee of the Society of Alumni, students and faculty committees; we surveyed a sample of the student body for views on priorities, with both an "objective" and an open-ended questionnaire; the faculty was surveyed with a separate questionnaire, as well as with the same questions posed to students; many faculty members provided signed or unsigned views on the nature of the College's choices, and how priorities should be set; we solicited opinions in a letter to over 400 leadership alumni, parents, and friends of the College in December and January; we received reports from the heads of most administrative offices, and many

department and program chairmen, in response to an appeal from the committee for estimates of how more or fewer resources would affect program choice in each area; we met on campus weekly in the current academic year and met approximately once each month for a full day with our trustee members.

In April we circulated an Interim Report containing our preliminary conclusions to the faculty, the College Council, trustees, Executive Committee of the Society of Alumni, Parents Council and heads of the administrative offices. A summary appeared in *Williams Reports*, which is received by all students and many alumni, parents and friends of the College. We met with each group to provide an opportunity for comments on our analysis and on our tentative conclusions. We received written responses from dozens of individuals, and held additional meetings with groups of students and faculty who were concerned with particular questions.

On May 21, on a voice vote without dissent, the faculty endorsed the general direction of the Interim Report of the committee. That endorsement was meant to cover the following four aspects of the committee's intentions:

First, the long-term financial plan for the College, which provides budgetary resources to stabilize real salary scales (which have been sliding downward for the past decade) for both faculty and staff, and, providing there is real growth of the American economy and of family income, to allow both faculty and staff to participate in such growth through increases in real salary scales;

Second, a shift in the balance of activities of the College toward the directly academic side of the institution, modestly increasing the size of the teaching faculty, protecting the library from erosion in real terms, and decreasing the non-academic staff of the College by 10 percent over the next decade, with corresponding decreases in non-academic programs and academic support activities;

Third, a re-commitment of the faculty to "hold up its end of the log" both in attention to internal management issues, such as the availability of adequate numbers of modest-size seminar classes, and in devotion of time to advising and counseling students;

Fourth, a series of specific measures designed to address problems caused by the demographics of the 1980s to assure an appropriate mix of applicants for admission and to compensate for the projected dismal state of the academic market.

Our committee was not intended to preempt the appropriate functions of duly-constituted, decision-making bodies of the College. Our report is to the President, and any implementation he may wish to undertake will be done through the normal processes

within the College. A great many specific issues remain to be decided, even if the general direction of our report, as defined above, is accepted by the President. And many issues remain open, such as the continuing need to review our curricular structure and our particular course offerings.

We are planning at a most uncertain time, when both the current trends in the economy and the projections for the future are changing monthly, if not weekly. Thus a continuing review of the state of the College is called for, particularly as we enter a decade with more divergence of views on the future of the economy than we can remember. We have a series of recommendations on how this review should be conducted and what trends should be watched with care; we hope it will be of use. We would stress, however, that the College must look at long-run trends and not be diverted by short-term phenomena. We have tried to be true to this dictum in what follows.

Summary and Conclusions

Our recommendations follow from several key assumptions that should be stated clearly at the outset.

The external factors facing the College impose constraints within which we must operate. The economy has not been kind to endowed institutions in the past decade, and we take a middle view of expectations for the 1980s. Our assumptions are as follows:

—Real growth of the United States economy will be slower than its long-term average, but should match the decade of the 1970s.

—Inflation will be higher than it has been in the past 10 years, averaging around nine percent per year, while energy and book acquisition costs will rise faster.

—Securities markets will not perform with the buoyancy of the 1950s and 1960s, but neither will we suffer the downward adjustment of paper asset values experienced in the 1970s.

These assumed conditions establish both the opportunities and the constraints within which Williams must determine tuition and salary increases, fund-raising goals, and expected endowment performance. How our conclusions change if the assumptions change will be outlined below.

The admissions picture is in some ways more certain, as the likely number of 18-year-olds in each year for the next 10 years is reasonably predictable. The decline in the college-age population is severe from now to 1985. Following some recovery in the late 1980s, there is a further decline to the

1990s. This major factor is unprecedented in U.S. history. Further, the migration of population away from the Northeast and Midwest will result in even larger reductions in the number of 18-year-olds in Williams' traditional recruiting area, where the decline could be as much as 30 percent or more.

Finally, and of crucial importance, we must make some assumptions about Williams College: who we are, what we can and cannot be, what is essential to the nature of Williams that attracts outstanding students and faculty and inspires extraordinary loyalty from alumni, parents, and friends of the College. We are a residential, highly selective, undergraduate, liberal arts college in rural New England. We draw our students from the most intellectually talented segments of American society, and our students exhibit unusually strong talents in extracurricular areas and in leadership activities as well. We have a strong traditional appeal for children from business and professional families, but we have expanded the College's admissions pool substantially in the past 20 to 30 years — ethnically, geographically, and socioeconomically. We offer a broad range of curricular choice, but with a strong departmental orientation to our curriculum. The extracurricular activities — athletic, musical, theatrical, literary, journalistic, and artistic — form an extremely important part of the undergraduate experience at the College. These activities contribute substantially to the high morale of students and to the unusual loyalty of alumni.

Of fundamental importance, we believe, is the opportunity for excellent students and experienced faculty to work closely with one another in small classes at the introductory or advanced levels, over meals in residential houses or in faculty homes, in interdisciplinary programs and courses and in independent study or in honors research. There is, of course, a mythical quality to these relationships. But "Mark Hopkins and the Log" represents an important ideal, and an important touchstone that defines what we are, what we offer to students, what we expect of faculty, and what parents, alumni and friends of the College think of when we seek to define what is essentially Williams.

A further defining characteristic of Williams College is a

sense of mutual obligation among the various constituent parts: students, faculty, alumni, staff, trustees, parents, and friends. We must reaffirm these mutual obligations in a general sense, and must again achieve a broad consensus of the conditions that will allow the College to maintain its strength for the coming decade.

We begin where we are: on balance, a position of strength. Admission applications were a record 4,850 this year for a class of 500 freshmen — one of the highest ratios in the nation. Our tuition and fees, even with the large increases projected for next year, will be below those of colleges with which we compete most vigorously for students. The Alumni Fund set new Williams and national records this year, both in dollars and in participation. Our endowment per student, while lower in real terms than a decade ago, has improved relative to some of our peer institutions. We have been spending a lower share of the market value of endowment on operations than many comparable colleges. Our range of athletic and extracurricular activities is extremely rich in comparison with other liberal arts colleges, and participation by students is unusually high. The faculty is exceptionally active professionally. Both students and faculty continue to receive considerable national recognition in competitive awards. We have few unmet needs in the physical plant, and have no backlog of "deferred maintenance" of buildings. Some issues need attention, however. Salaries of Williams faculty and staff have suffered more at the hands of inflation than have other groups in the American economy in the past decade. The oversupply of college teachers has depressed salaries, reduced opportunities for mobility, and had an extremely adverse effect on the morale of both younger and older faculty. Given the central role of student-faculty relations at Williams and the importance of intangibles in defining the Williams educational experience, these conditions must be addressed vigorously.

Based on these assumptions about what we are and the nature of the world we serve and in which we must live, we have agreed on a set of recommendations consistent with the maintenance of a strong college, both educationally and financially, over the next decade. The financial changes will

take place over a period of years. Where we have recommended reductions that affect personnel, we believe our financial position allows us to make these reductions as normal retirements and resignations occur rather than through any lay-offs of staff. Looking ahead to the next decade, we make the following projections:

—Tuition should rise two percent per year in real terms (roughly in line with United States family incomes).

—The rate of growth of endowment income spent on operations should approximate the nine percent rate of inflation.

—We should add approximately six full-time equivalent positions to the faculty to return the student-faculty ratio to 12:1.

—Non-academic staff should be reduced, through attrition, by 10 percent over the course of the decade, recognizing that this will necessitate sacrifices of some programs and services.

—Allocations for financial aid should increase more rapidly than tuition increases, to reflect our policy of admission of promising individuals without regard to their present financial circumstances.

—New capital funds of $4.5 million per year are required.

—No new major construction should take place, apart from the already-planned improvements in art facilities; but approximately $500,000 per year should be allocated to renovations and energy conservation investments as and when appropriate projects are put forward.

—The size of the student body should remain unchanged at a level of around 1,900 students in residence.

We have examined how our recommendations would affect the 1979/80 operating budget, and we have some specific recommendations on reductions and on increases in spending. We have considered some areas with greater care and detail than others and hope to make our reasons and choices clear below. Overall, we expect the combination of increases in income and reduction in spending to produce approximately $2 million per year in increased resources relative to a $22 million 1979/80 budget. These increases in resources allow increased expenditures of a comparable

amount. Measured this way, we are talking about a "turnaround" of about $4 million on a $22 million budget. We believe this is a sizable reallocation.

In choosing the areas to reduce, we have kept two areas — faculty size and the library — free from cuts, based on our understanding of Williams' nature and current problems. We believe we should increase the size of the faculty modestly to return the student-faculty ratio to the 12:1 planned in 1969. In addition, we believe it is essential to manage the allocation of faculty to ensure a better mix of small to large classes, and to be certain that key curricular areas, especially in non-U.S. studies, are covered for the next decade. Further, the library should be protected from reductions in real spending, so that the growth of the library collection for faculty and student use is not diminished.

We envisage reductions in annual operating budgets in several specific areas:

—Athletics and physical education ($60,000 to $90,000).

—"Student services," including Dean's Office, Health Service, Chaplain's Office, Career Counseling ($50,000 to $75,000).

—Dining operations, as a result of consolidation and reorganization ($60,000 to $100,000).

—Academic support services ($40,000 to $60,000).

—General administration ($40,000 to $75,000).

Other areas, particularly in general administrative support and buildings and grounds, will show a substantial decrease over the longer run as we reduce employment and services with attrition ($250,000-$300,000).

We propose increased financial support for the following areas:

—Additional faculty positions, as already mentioned ($145,000).

—Improved compensation for faculty and staff.

—Discretionary funds for the President, the Dean of the Faculty, and the Provost for faculty and staff development and to facilitate faculty mobility, including assistance with full or partial early retirement or career changes for those

who wish to leave full-time teaching; support for those faculty wishing to shift their specialties and to retool for new academic areas, and assistance in the professional development of the administrative staff ($150,000-$250,000).

—Activities to encourage the interaction of students and faculty, and to reinforce the strong sense of collegiality among the faculty ($30,000-$50,000).

—Programs to improve public awareness of the College and to assist the admissions, alumni, and development offices in dealing with the more geographically dispersed constituencies ($40,000-$60,000).

—Expanded computer capacity for both instruction and administration ($75,000-$125,000).

We have examined a variety of other measures that purport to be "solutions" to financial and economic problems we face. Some suggested changes do not produce the economic benefits one might at first think, such as a winter shutdown or a substantial increase in the size of the student body. Others would change the nature of the College and damage its appeal to students, faculty, parents and alumni. This is particularly the case with such measures as the elimination of the Winter Study Program and the adoption of a trimester plan of operation, wholesale reduction in extracurricular activities, freezing of the tenure ratio of the faculty, substantially increasing the student-faculty ratio, reducing our commitment to financial aid, or attempting to attract a new student clientele from older or part-time students. We believe we can manage the next decade best by emphasizing our strengths and those things that Williams can do well, and by carefully economizing in a wide range of areas that, even though desirable, are not central to our purpose or to the maintenance of our activities. We suggest some guidelines for tracking whether our key assumptions are being met, and whether more drastic action is needed to contain costs and increase revenue, or whether we can relax our cutting efforts due to more optimistic results.

Context: The Past Decade

We believe it is useful to review how Williams arrived at its present position, beginning with the Trustees' decision in 1969 to admit women and to expand the College by 50 percent.

The decision to expand and to become coeducational was made in the context of a comprehensive educational and financial plan for the College. It involved increasing the student-faculty ratio (from 10:1 to 12:1), intensifying use of the academic plant through tighter scheduling of classes, raising capital funds at a rate of $4 or $5 million per year, continuing Alumni Fund support of 10 percent of the unrestricted educational budget of the College (as it had provided in the 1960s), improving endowment performance, raising real levels of salaries and wages for faculty and staff, increasing the real level of tuition and proportionally increasing financial aid for students. In addition, in 1968 the College adopted a program to increase substantially the number of minority students and directed the Admissions Office to seek larger numbers of minority applicants. We had recognized that this commitment would involve increased financial aid. Overall, the projections looked plausible in 1969, but only if all parts of the equation were fully realized.

In fact, the economies of a larger student body were realized. Efficiency of physical plant use was increased, the student-faculty ratio increased to something closer to 12.5:1, the Alumni Fund has performed brilliantly in spite of higher inflation, and tuition increases have been kept at about the rate of growth of disposable family incomes. We have missed the target in three main areas (other than the general increase in the inflation rate above the three percent that seemed plausible in the late 1960s). First, U.S. capital markets have had a major downward adjustment in real

values, resulting in a disappointing performance of the Williams endowment over the past decade. In this, we have a good deal of company. Despite substantial growth in the market value of the College's endowment, its support of the operating budget has not increased. The share of educational expenditures funded by tuition income has, however, increased substantially. Second, energy costs have soared well ahead of the inflation rates, so that despite an early energy conservation program that has reduced the energy consumption rate by about 30 percent, the share of the College budget for heat and light is twice what it was a decade ago. Third, in addition to a general "squeezing" of expenditures in all areas of the budget, the adjustment to lower income and higher energy expenses has resulted in lower real wages and salaries for staff and faculty. Perhaps the most dramatic statistic is that salaries for new assistant professors in the current academic year are at least one-third below those of comparable faculty a decade ago, measured in constant purchasing power. All groups of College employees have experienced falling average salaries, even though many individuals who have been promoted within the College, both faculty and staff, have stayed ahead of inflation.

The College obviously did not arrive at its present position because of a conscious set of decisions to make adjustments at the expense of faculty and staff. The explanation lies principally in two dramatic bursts of inflation in the past decade. Each time the College anticipated making salary and wage increases that were ahead of inflation; each time it failed. With the steady pressure of higher energy costs and lower real endowment income, there has

Student-Faculty Ratio

Academic Year	FTE* Students	FTE* Faculty	Student/Faculty
1970/71	1317	123.2	10.7
1971/72	1546	137.2	11.3
1972/73	1691	136.6	12.4
1973/74	1747	148.6	11.8
1974/75	1810	147.3	12.3
1975/76	1836	147.5	12.5
1976/77	1872	147.1	12.7
1977/78	1844	151.4	12.2
1978/79	1899	149.1	12.7
1979/80	1902	150.0	12.7

*FTE = full-time equivalent

Table 1

been a slow and steady squeeze on all parts of the College budget. In a "soft" academic market, and with limited salary dollars, the College has paid only what it needed to in order to attract new faculty, preferring to spend limited resources on the faculty and staff already here. In fact, though this is cold comfort, Williams' salaries have fallen less rapidly than those at many other comparable institutions. Fortunately, we believe Williams is now in a position to make reasonable adjustments in its affairs not only to stop the slide in real salaries, but to increase them for both faculty and staff. In our view, this is one of the top priorities facing us at the present time.

In the area of internal management, the most serious failing of the transition to a larger college and a higher student-faculty ratio was that of the distribution of class size. The Kershaw Committee (on College expansion) in 1975 pointed to this as a major problem area. It is still unresolved. It is clear that students value highly the small classes and contact with faculty possible at Williams. But too much of the increase in the student-faculty ratio has taken place through the increase of classes in the 30 to 50 enrollment range, rather than in already large classes or in very small classes. We have not done a good job of deciding where to teach large and where to teach small.

In admissions, the 1970s have been a success from several points of view. In numbers we are in an extremely healthy position, with

Tuition Income as a Percentage of Educational & General Expenditures

Academic Year	Tuition Income (TI) ('000 of dollars)	Educational & General Expenditures (E&G) ('000 of dollars)	TI as a % of E&G
1970/71	$3226	$ 7832	41
1971/72	3952	8730	45
1972/73	4703	9548	49
1973/74	5001	10413	48
1974/75	5617	10930	51
1975/76	6433	12136	53
1976/77	7232	12962	56
1977/78	7784	13575	57
1978/79	8771	15326	57

Table 2

Faculty Compensation
(Salary plus fringe benefits)

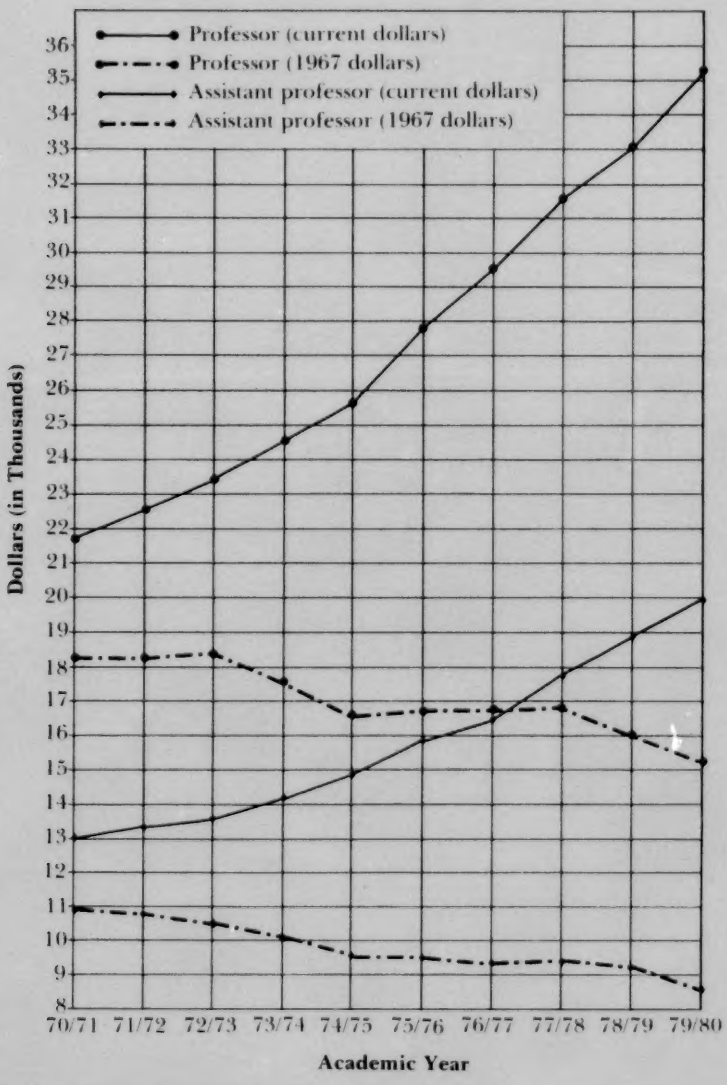

Table 3

over nine applicants for each place in the freshman class. The quality of the applicant pool has improved, judged by the usual standard measures, and a much larger share of the best students in the nation apply to Williams than a decade ago. The acceptance of Williams graduates into the leading graduate schools of law, medicine, business, and academic subjects, as well as their success in national scholarship competitions (one Rhodes, one Marshall, three Watsons, four Fulbrights, one Danforth and one Keasbey so far this academic year), and their attractiveness to corporate recruiters is perhaps as much a testimony to the quality of the College's incoming students as it is to the process of education at Williams itself.

One of the nagging issues of the mid-1970s, identified by the Kershaw Committee, was the appropriate ratio of men to women. This is no longer an issue of great moment, as the freshman class ratio in recent years has been in almost identical proportion to the applicant pool.

A principal rationale for the high-cost, highly selective, liberal arts college, we believe, is the role of such colleges in educating the leadership for American society. Williams graduates have been exceptionally effective in providing national and local leadership for many decades, and in all areas of American society — as presidents of symphony orchestras, directors of art museums, trustees of nonprofit institutions, chief executives of large corporations, officials at high levels in national, state and local governments, prize-winning historians, journalists, writers and composers, partners in

Total Space and Energy Consumption

Academic Year	Total Space ('000 Sq. Ft.)	Space per Student (Sq. Ft.)	Energy Costs (in '000)	Cost per Sq. Foot
1969/70	1342	103	$327	$0.24
1970/71	1394	106	318	.23
1971/72	1490	96	431	.29
1972/73	1501	89	484	.32
1973/74	1497	86	605	.40
1974/75	1550	86	784	.51
1975/76	1648	90	826	.50
1976/77	1651	88	894	.54
1977/78	1671	91	913	.54
1978/79	1691	89	930	.55

Table 4

major legal and investment firms, judges, doctors and heads of medical institutions, high school principals and headmasters, college teachers and presidents. The Admissions Office stresses the personal characteristics of the applicants to Williams in its admissions decisions as it chooses among many intellectually qualified applicants. These characteristics show up in the wide range of extracurricular interests of the students who apply to Williams and in the activities of our students when they are on campus, as well as when they leave Williams. Williams sees its liberal arts education, then, encouraging the growth of intellectual and aesthetic capacities that not only allow the individual to lead a more reflective and rewarding life, but also temper and enhance the social contributions its graduates are likely to make in whatever arena they choose.

The changes in Williams' admissions policy and appeal over the past 30 years or so have substantially increased the segments of American society from which we draw our students, and from which and for which Williams will provide future elements of leadership. In an important way, the search for diversity in the Williams student body is a search for individuals who can benefit from what we have to offer, and who will provide the directions for diverse elements of American society in the future. In the two most visible changes in the student body in the past 15 years, the admission of women and the admission of significantly larger numbers of black students, we have substantially broadened the commitment of Williams to assist in educating the nation's leaders. We

Number of Applicants

Academic Year	Number Applicants		Number Accepted		Percent Accepted	
	Men	Women	Men	Women	Men	Women
1969/70	2495	—	597	—	24.0	—
1970/71	2323	—	602	—	26.0	—
1971/72	2450	883	635	229	25.9	25.9
1972/73	2320	1088	610	236	26.3	21.7
1973/74	2666	1479	620	268	23.3	18.1
1974/75	2796	1705	616	296	22.0	17.4
1975/76	2707	1703	619	357	22.9	21.0
1976/77	2845	1890	620	405	21.9	21.4
1977/78	2793	1914	536	391	19.2	20.4
1978/79	2554	1907	589	432	23.1	22.7
1979/80	2603	1911	570	415	21.9	21.7

Table 5

wish to re-affirm this commitment and responsibility. The efforts to increase the diversity of the Williams student body, where we have something to offer to the students, should be intensified. We recommend continued support for the program adopted in 1968 to recruit substantial numbers of black students. There will be increasing numbers of Hispanic-American and Asian-American students graduating from high school in the next decade, and especially Hispanic-Americans will be an increasingly large share of the nation's population. Our current recruitment efforts, augmented by the funds we suggest to meet the changing geographic distribution of the population, should be sufficient to attract a growing number of Hispanic students to Williams in the normal course of the admissions process.

Further, the appeal of Williams to a broader national audience

S.A.T. Scores: Williams and National

	S.A.T. Verbal					
	Williams			National		
Class of	Men	Women	All	Men	Women	All
1973	623	—	623	459	466	463
1974	639	—	639	459	461	460
1975	636	636	636	454	457	455
1976	620	650	635	454	452	453
1977	621	645	629	446	443	445
1078	617	627	623	447	442	444
1979	608	614	610	437	431	434
1980	624	629	626	433	430	431
1981	612	634	622	431	427	429
1982	614	632	622	433	425	429
1983	615	627	619	431	423	427

	S.A.T. Math					
	Williams			National		
Class of	Men	Women	All	Men	Women	All
1973	678	—	678	513	470	493
1974	665	—	665	509	465	488
1975	664	634	656	507	466	488
1976	660	640	650	505	461	484
1977	665	637	656	502	460	481
1978	659	631	647	501	459	480
1979	661	620	645	495	449	472
1980	670	642	658	497	446	472
1981	657	632	646	497	445	470
1982	662	630	647	494	444	468
1983	657	619	638	493	443	467

Table 6

has increased markedly in the past decade, while we have retained our more "traditional clientele" in the private schools and the suburban secondary schools. The shift in the nature of the student body in the '40s and '50s was dramatic, reflecting the rapid growth and improved quality of public high schools. In the 1960s, the College greatly increased its appeal among the Catholic high schools, and began an active recruitment program for black students. In the 1970s, we have increased the ethnic and geographic range of admissions efforts, resulting in increasing numbers of students of Asian-American and Hispanic-American backgrounds as well as larger numbers of other ethnic groups. Most visibly of all, Williams is now open to the half of the population that was denied entrance before 1969: women. These changes have taken place at the same time that sound alumni relations and the interest of alumni sons and daughters in admission to Williams have reached new heights. There are still major sectors of the population and country where Williams is not yet as well known as we think it should be. But the significant shift in the composition of the student body without the loss of our previous strong support gives us confidence as we confront the national contraction in higher education in the coming decade.

Another strength with which we begin the 1980s is alumni support. The most visible aspect of support is financial, with the Alumni Fund setting national records for both dollar giving and the percentage of alumni participating in the annual fund drive. This financial support is manifesting itself in a major new feature of the reunion weekends in June each year, as the 25th and 50th

Alumni Fund

Academic Year	Alumni Fund	Number of Alumni	Percentage Participation
1970/71	$ 732,164	11,709	53.01
1971/72	780,000	11,882	53.61
1972/73	921,717	12,120	52.40
1973/74	908,479	12,395	54.79
1974/75	923,143	12,664	53.18
1975/76	1,023,907	12,940	55.98
1976/77	1,111,897	13,285	58.50
1977/78	1,168,038	13,671	60.69
1978/79	1,373,021	14,069	62.16
1979/80	1,520,600	14,453	62.24

Table 7

reunion classes compete with their predecessors to make major capital gifts to the College. If past performance can be projected, one-third to one-half of the total new capital needs we anticipate for the next decade could be met if the next 10 reunions simply repeat the performance of 1979 and 1980.

In less visible ways, too, Williams has a unique relationship with its alumni that must be maintained and enhanced. Williams alumni volunteers around the country are actively involved in work for the Admissions Office. They participate in the alumni job bank, provide advice to students through career panels, assist faculty with projects and with making contacts useful for their research, and participate in and even teach Winter Study projects. Conversely, faculty and students are actively involved in bringing regional alumni associations up to date on the College's affairs. Our alumni care enough about the educational life of the College to be constructively critical at the same time they are genuinely supportive of the College as it has played a changing role in American higher education.

Our committee has not given a great deal of attention to curricular matters, largely because of the major reviews of the curriculum made during the 1970s and the recent review of the Winter Study Program. The curriculum is always in the process of change, and in many ways the present curricular structure is flexible enough to adapt to new needs. Williams did not follow the lead of some institutions in surrendering its curricular structure in the late 1960s and early 1970s, and there is no widespread desire to return to some golden age.

However, a sizable fraction of the faculty does feel a need for

Endowment: Market Value
(Thousands of Dollars)

Academic Year	Current Dollars (as of 30 June)	1967 Dollars
1970/71	$68,858	$57,864
1971/72	77,532	62,881
1972/73	70,842	55,259
1973/74	59,451	42,556
1974/75	62,322	40,156
1975/76	68,660	41,312
1976/77	73,534	41,828
1977/78	78,057	41,608
1978/79	84,703	41,278

Table 8

curricular reforms, particularly ones that would give more structure to the distribution aspect of student programs. Despite failure to reach agreement on specific proposals to deal with these issues in the past decade, we believe that the general concern will remain alive and that the faculty should continue to address such concerns.

Faculty legislation in 1971 gave a protective structure and stability to interdepartmental programs that has facilitated a number of non-departmental programs and majors. Further, the two majors introduced into the curriculum in recent years, sociology and theatre, depend on courses taught in other departments of the College. We believe the number of non-departmental programs and majors, and those that depend on interdepartmental cooperation, is a significant sign of strength in an institution with a tradition of strong departmental autonomy.

We must say something about the nebulous subject of "morale." On the whole we believe student morale, the sense of identity with the College and appreciation of the educational experience, is very high. This observation is based both on comparison with past periods at Williams and with the comments of visitors to Williams from other campuses. While we have hardly created a utopia, there is a high degree of satisfaction with both the curricular and the rich and varied extracurricular life at Williams. We have noted some of the areas of dissatisfaction, particularly with class size and less student-faculty interaction than is desirable. We also appear to be experiencing a time when students generally are more averse to risk in their curricular choices and intellectual interests, and more serious and self-conscious about such measurable achievements as grades — phenomena that appear to have cycles both at Williams and at other colleges. Should these prove to be trends instead of cycles, we would become concerned. But, on the whole, we believe the situation in the student body is quite healthy.

The situation is not as good with the faculty, we regret to say. This is especially troubling because we believe the strength of the faculty — as teachers, scholars and college citizens — is especially great at present. Part of the problem is clearly one of compensation. It is hard to maintain one's self-image with a steadily falling real income. We believe the College can do something constructive about the compensation issue.

There are at least two areas, however, where Williams can do little and can only hope to find ways of ameliorating the effects of a broader problem. First, the decline in the academic profession as a whole has a profound impact on the attitude of individual teachers, most dramatic, of course, of younger faculty. Not receiving

permanent appointment at Williams may well mean not staying in the academic profession — no longer teaching; no longer having one's career devoted to learning, to scholarship, to the education of young people. The "objective" probability of staying at Williams has not changed measurably in the past fifteen years or more. But the anxiety attending reappointment and promotion decisions is much greater now than then, when leaving Williams meant going to teach at another institution, generally of very good quality. This change in the academic market has had an obvious effect on the morale of younger faculty, and also has had some effect on their sense of identification with Williams. These are serious issues which we must confront, but there are no panaceas.

The decline in the academic profession may have even more profound repercussions, we believe, on the morale of the older members of the faculty. A decade ago Williams faculty in their 40s and 50s might be sought as deans or department chairmen in growing colleges and universities; the great majority of tenured faculty stayed because they wished to be at Williams. The change of circumstances may be of major consequence, as more and more faculty feel "trapped" even if they have no desire to leave Williams. While the decline in real income is serious, even more important is the effect on self-esteem and professional worth produced by the disappearance of professional mobility. Again, money may help, but it will not, we think, eliminate a fundamental problem that confronts Williams and every other academic institution. We have some thoughts on alleviating parts of the problem.

In addition to the general decline in the academic profession, we are concerned that we have not collectively come to grips with the "zero growth" situation of the College and the resulting issues of resource and budgetary allocations, as well as questions of equity. In a growing college, "my turn" (for a new building, a new office, a new faculty position) would come one day. With no growth, no one's "turn" will come for some things, except at the expense of someone else or some other department. Perhaps if we at least recognize this problem, we will be able to deal better with its symptoms.

The changing role of nonacademic personnel also has created some stresses. Over the past decade or two we have shifted from a staff characterized by long-term employees who had essentially hand-crafted the positions they held to an increasingly mobile and professionally-oriented group, interested not only in Williams but in their profession beyond the College. We have not fully recognized and adjusted to this shift. We must do so if the morale and

effectiveness of the nearly 500 College employees who are not members of the teaching faculty are to be maintained and enhanced. As with the faculty, simply reversing the decline in salary levels will not be enough. An appropriate career structure with adequate opportunities for professional development is also required and is being formulated. We will address some of its implications when we come to our budgetary recommendations. It is also essential that all members of the College family feel that their efforts are genuinely appreciated. Further, while the faculty as a corporate body has certain responsibilities that set it apart, all other employees of the College should feel that they are able to make their contributions to College policy formation through their department heads, who are ultimately responsible to the president.

In many colleges at present, a report on future planning would begin with the discussion of how governance must be changed. We do not believe we need any such changes. Indeed, the operations of our committee suggest that our basic procedures are working well. The College Laws place the responsibility for the ultimate governance with the President and Trustees, but the "immediate governance" is charged to the President and the Faculty. As noted, administrative staff make their contributions to governance through the administrative offices reporting to the President. Over the past 15 to 20 years, we have evolved a system of consultation on major issues that has involved joint committees of students, faculty and administrative officers on campus, and substantial consultation with alumni and parents as well. All housekeeping and day-to-day policy issues are decided on campus. The trustees keep themselves exceptionally well informed about local issues and ask pertinent and searching questions of the faculty and administrative officers. They have concerned themselves mainly with the longer-run, fundamental issues confronting the College.

The practice of joint study committees, and of broad consultation, is one that we believe has served the College well in confronting major issues in the past. The movement out of a fraternity-based social system and the decision to admit women are important examples. We are convinced that it is the appropriate procedure for the future as well. We appreciate that some people may be impatient with the time that the consultative processes take, and with the sense of not knowing where "power" lies in such a system. We would stress that the machinery works, has been able to deal with fundamental issues of policy, and has held the constituencies of the College together through several major transitions of the past 20 years.

In summary, the College is in good health, with some worrying signs and some neglected areas. We are convinced that we have both the resources and the will to make a series of changes in the next few years that will build on our present strengths and address many, if not all, of our present problems.

The External Environment

As we have addressed the issues of the next decade, we have had to make some assumptions and projections about the world outside Williams as it affects our financial, educational, admissions and faculty situation. We have noted these in the foregoing summary. In some areas the projections can be made with reasonable certainty. But in some key areas the next decade presents a range of uncertainty that is unmatched, we think, since the 1930s.

The national economy is the area of the greatest uncertainty. General inflation, the cost and availability of energy, the growth of the national economy, and the behavior of the securities markets are all areas of major importance in creating the environment and setting the parameters within which the College must operate. The range of possible outcomes (from stagflation of worse proportions than the mid-1970s to a return to high rates of real growth and diminished inflation) is enormous. We choose to be mildly optimistic, and the assumptions underlying our report are that the American economy will plod along at a 1970s real growth rate; that inflation over the decade will average about nine percent per year; that energy prices in real terms will rise by only about one-third during the 1980s; and that securities markets will not perform as badly as the 1970s, though they will not recover as they did in the 1950s and 1960s. These national background assumptions are crucial for our 10-year projections.

We indicate below some of the consequences of worsened (and better) performance of the national economy and its securities markets, and we recommend an annual review of three-year trends in all key economic variables.

The general characteristics of the student applicant pool are broadly clear. The number of 18-year-olds nationally will peak in

1980/81, and is expected to decline by about 20 percent by 1985. After a slight recovery in the end of the decade, there will be a further fall in the 1990s. In parts of the northeastern United States, an area from which we draw heavily for students, the decline in the numbers of high school graduates may be in the range of 30 to 40 percent. A further unknown for Williams is the trend in the numbers of students with the combination of academic ability and parental incomes that represent our major clientele. It is quite possible, indeed likely, that the decline in that segment of the population will be proportionally even greater, though the existing studies do not give us much wisdom on these issues. At this point we can only counsel a close watch on the changing characteristics of the applicant pool, and we recommend an annual review of trends by the Admissions Committee and by the Instruction Committee of the trustees. Nonetheless, we are not concerned about the total number of relatively highly qualified applicants for Williams in the 1980s. We believe that Williams' present reputation, the broadening of the applicant base in the past 20 to 30 years, and maintenance of our very high-quality academic and extracurricular programs, will ensure that we are "full," and that the average quality remains high. However, the competition for the academically strongest students, the competition for talented minority students, and the geographic shift of the population of the nation away from the Northeast to the Sun Belt states present challenges that we believe can and must be addressed in the College's planning. We must make inroads into areas where Williams is not well known if we are to maintain the excellence of the student body.

Number of 18-Year Olds (in thousands)

Year	Number	Year	Number
1969	3607	1980	4211
1970	3737	1981	4145
1971	3863	1982	4087
1972	3965	1983	3917
1973	4032	1984	3703
1974	4083	1985	3608
1975	4244	1986	3521
1976	4222	1987	3567
1977	4225	1988	3653
1978	4176	1989	3733
1979	4210	1990	3426

Table 9

The third area where the background conditions present special pressures on the College is the academic marketplace for faculty. We have already mentioned the consequences of the decline in the academic market due to oversupply of college teachers. The situation will probably deteriorate, and some projections suggest that the normal retirements and resignations in American higher education in the 1980s will not be enough to reduce the size of faculties to match reduced student enrollments; firings of faculty and nonrenewal of contracts may be needed. Retirements will be few in the 1980s, as a consequence of the relative youth of the academic profession, which expanded rapidly in the 1960s. Consequently, significant numbers of faculty members will not reach mandatory retirement age (now that it is a minimum of 70) until the 1990s or the turn of the century. The already bleak prospects could get much worse. The College must (and we believe can) make internal adjustments to help compensate for these adverse external effects, though it cannot repair a national problem single-handedly. At a minimum, Williams must provide compensation levels and promotion prospects adequate to attract the best of the young men and women who choose to enter the academic profession over the next decade, and it must make some adjustments for the loss of mobility for both younger and older members of the faculty.

Government policy at all levels increasingly affects the operations of the College, both financially and administratively. One of the most prominent features of that policy has been the increasing involvement of governments in regulation of educational institutions — for health and safety, access for the handicapped, accounting procedures for facilities and equipment, rules for need analysis for financial aid students, affirmative action and equal opportunity programs, and many other areas where the government had not previously expressed its interest. Many of these efforts, while laudable in intent, have had the effect of moving institutions, including Williams, away from a sense of collegiality and mutual trust when dealing with students, faculty, employees or administrative officers. While the ideal was certainly never the reality, we believe we have lost something as the society has become increasingly litigious, and as we have become increasingly regulation conscious. The next decade is likely to see even more intervention of society, through government at all levels, into the internal decision-making of Williams and other institutions. We believe we must do our best to meet our obligations to the law in such a way as to do least harm to the qualities that define much of what is unique to Williams.

The government increasingly has become a financial partner

with the College over the past decade. Federal and state loan programs, in particular, have essentially removed the College from the student loan function. This development has meant a cash-flow saving on the order of $500,000 or more per year, which has been a substantial benefit. In addition, financial aid in the form of grants and college work-study support has contributed another $500,000 or so for the current financial year. Direct government grants constitute a small portion of the College's budget now, and we have assumed that present programs would continue. If they do not, we would have to face a further reallocation of the College's resources to meet our financial aid commitments under a different set of economic circumstances. We are not assuming a growth of the programs on the order of the last decade.

The final area in which government policy affects us is with regard to taxation. The tax position of charitable gifts is of exceptional importance to Williams and other private educational institutions. We assume no change, either improvements or erosion, in the favorable tax treatment that is given to gifts to Williams by the federal statutes. An adverse change would substantially affect our assumptions about the growth of the Alumni Fund and about the realistic level of capital giving. Continuing tax exemption for the educational properties of the College must also be assured, or our operating cost assumptions would be off by a large amount.

Finally, no statement of environmental conditions affecting Williams would be complete without some comments on Williamstown. Our location and physical setting obviously affect both the attractiveness of the College to potential students and faculty and the options open to us. On balance, our rural location is a significant plus. Future efforts should be focused primarily on enhancing the advantages while making some modifications to compensate for certain disadvantages. The positive side of our setting includes magnificent natural beauty and excellent facilities and programs that enable students, faculty and staff to take advantage of the out-of-doors. Our rural setting is related to the high level of participation in physical activity and recreation by all members of the community. It is a major attraction to alumni, who return in large numbers for both organized events and for recreation and vacations. And it enhances the attractiveness of Williams to those interested in environmental concerns generally.

On the other hand, our relative lack of public transportation and our distance from other centers of learning have been drawbacks in some respects for both students and faculty. We offer a more limited range of such options as cross-registration courses with

other institutions; we have a less diverse community ethnically and socially and, in an era of increasing dual-career families, we have more limited employment choices than if we were in or closer to an urban area. We believe we should recognize and stress our advantages to potential students and faculty. (A significant number of students who were accepted by Williams and decided to attend other schools cited our location as a disadvantage, but had not made a visit to campus.) Some form of College assistance in making connections to public transport in the Albany area, and perhaps in getting to and from the five-college area in the Connecticut Valley, may be called for. We have some comments on dual-career families below. As with other aspects of our recommendations, we believe it is important that we clearly understand both the constraints we face as a rural institution and the essential characteristics of a residential college in shaping our policies.

Our Approach to the 1980s

The needs to be addressed for the next decade are several: improved faculty and staff compensation, new challenges in admissions, encouragement of closer student-faculty interaction, leeway to introduce new areas to the curriculum, latitude to make compensating adjustments for the dismal state of the academic profession nationally, adjustment of the mix of small and large classes (which is of particular concern to students), capacity to meet continued increases in energy costs, and development of an increasingly professional administrative staff. In addition, of course, we must continue to provide a range of opportunities for students that is varied and stimulating, both in curricular and extracurricular areas.

In light of these requirements, the committee is firmly convinced that we cannot maintain the status quo in budgetary allocations. Some urgent needs are not now being met, and it is not possible to respond to those needs simply by generating new income. Further, the College has not made a thorough review of budgetary priorities since we made the decision to expand and admit women as students. The "squeezing" of the past decade has been mainly of an across-the-board nature, and the College was careful not to reduce programs for men when adding programs for women during the transition to coeducation. We believe we must make some reallocations — that is, some reductions of program and personnel, as well as some increases.

We do not make these suggestions lightly. There are risks in tampering with an institutional fabric that has great strength but that stems from characteristics we do not fully understand. However, we are convinced that the risks inherent in not making some changes at this time are greater than those involved in making

changes of the sort we suggest. We believe the risks can be minimized in two ways.

First, in 1969 we established an informal social compact among the most important constituencies of the College — students, faculty, trustees, alumni, staff, parents — on the part each would play and the contributions each would make to the educational and financial health of the College in the substantial change that was about to take place. In our view, it is of primary importance that we have a new and well-understood compact on the conditions for the College's educational and financial health for the next decade. We have tried to make clear what is expected from our various constituencies in **our** view. We circulated our Interim Report to those concerned with the College's future, and solicited views on whether we had identified a coherent, valid and equitable approach to the challenges and opportunities that lie ahead. We were reasonably certain that our view was internally consistent; that the changes and the policies we proposed would produce a College that is not only stronger educationally but is financially sound as well. We have taken into account the comments of many if not all those with whom we spoke and from whom we heard in response to our Interim Report, and we believe that there is broad agreement with the major thrust of our recommendations.

Second, Williams starts from a position of strength. We have no short-run emergencies, though some problems are clearly more urgent than others. Our suggestions for budgetary reductions and for program changes can and must be phased over a period of years, so that reductions in staff, where required, take place through normal attrition from resignations and retirements, and not from any layoffs. What is of importance, in our view, is that during the 1980/81 academic year, the heads of the relevant administrative and academic offices involved in budget reductions should present detailed recommendations for how, in a plausible transition period, their particular budgetary reductions should take place, given the nature of their operations and the age structure of staff in their departments.

Our committee firmly believes that the heart of the enterprise at Williams lies with the faculty and with the faculty's relations with students. It is essential to the Williams education that students sit on "the other end of the Log" from a faculty that is vigorous, enthusiastic, renewed and of high morale. To achieve this objective, we believe more resources must be made available for faculty salaries, for modest increases in the size of the faculty, for faculty renewal and development, and for the encouragement of closer

faculty-student relationships in and outside of class. In addition, Williams' other employees need improvements in their salaries and compensation, in appropriate career structures, and in their sense of appreciation by the College for their efforts. These are the major areas in need of increased resources. Minor amounts of funding should also be added to continue Williams' efforts to be fully established as a national institution, especially in areas of large population growth. In proposing reallocations along these lines, we are mindful that Williams at present offers an exceptionally rich variety of opportunities for students, both academic and extracurricular. Our recommendations for reallocations, for shifting the balance, will still leave Williams with a level of activities and services at least equal to that of other, comparable colleges in the areas where we recommend reductions.

We propose to produce the required resources both by generating new income and by reducing certain costs. On the income side, we believe that as long as Williams has an excellent education to offer, it should not be reluctant to charge an appropriate level of tuition. Further, we believe that the rate of increase of budgetary support from the endowment can be prudently increased to reflect the higher rates of inflation in costs, our success at fund raising, and our cautious optimism on the behavior of the securities markets over the next decade. On the cost side, we believe the bulk of the cost savings must come in reductions outside the academic program, and that these should be made not through general squeezing, but through careful excision of or reductions in particular programs, services, or functions that should be either dispensed with or achieved by more efficient means. We have no illusion that these cuts will be painless or unnoticed. But we believe the time is right for some selected reductions, in a planned manner, over a period of years. Our focus must be on what is essential, even if we must sacrifice some of what is desirable.

Academic Program

One of the most reassuring pieces of evidence that the committee received was the overwhelming response of both students and faculty to our questionnaire, reaffirming that the excellence of the classroom experience was the central feature of the Williams education. While there were some differences in student and faculty views about what came next in order of importance, the purely academic aspects of Williams clearly dominate everything else. Of course, the academic side of Williams is the main attraction listed by potential students and by entering freshmen at Williams year after year. It is clear that academic-program reputation is the key in maintaining Williams' attractiveness in this difficult decade. Further, excellence in the academic area is of crucial importance in attracting the best new faculty. A sense of academic program must inform efforts at faculty development and renewal. All these factors point to the academic side of the Williams budget as needing greatest sustenance if we are to provide Williams students with that which they seek from the College.

A top priority is faculty compensation. Even if we were only able to arrest the decline in real salary scales and maintain average faculty compensation at present levels, newly appointed members of the faculty could look forward to approximately a 40 percent improvement in their real incomes over a 10-year period as they advanced through the ranks; newly appointed professors could anticipate further real salary improvements of around 20 percent; and over a lifetime career, one could expect to more than double the real level of salary. This is a dramatic contrast with what has happened to academic salaries in the past decade. Given the background conditions we think are reasonable for the next decade, we believe that Williams can do more than simply arrest the decline in

average salaries, or in salary scales, in real terms. We project that the College should be able to increase real average compensation an average of 1.5 percent per year over the decade. This would, of course, compound the increases in real income that individuals would receive as they worked their way through the salary scales. From what we know of other institutions and their plans, we believe that this would not only improve things absolutely for the Williams faculty, but also would bring Williams' salaries to a level at or above comparable institutions that currently have higher salaries than Williams for both assistant professors and professors.

It should be stressed here, however, that the prospect of raising the real salary scales of the faculty and staff depends on the ability of the College to raise tuition in real terms, and to earn a positive, real rate of return on the endowment. As can be seen in the table summarizing the impact of our proposals on the 1979/80 budget, the increased faculty and staff compensation approximately matches the increase in the real level of tuition. Real tuition increases, in turn, depend primarily upon the real growth of the American economy and the real family incomes. Clearly, we cannot expect Williams faculty and staff to share in the growth of the economy unless such growth occurs, and we cannot contemplate raising the real level of tuition continuously unless there is a continuing real increase in family income levels in the United States.

A second priority is that we return to the 12:1 student-faculty ratio targeted when we decided to expand the College in 1969. To attain this goal will require, at present student body size of about 1,900, an increase of about six full-time equivalent faculty. In our view, these new positions should be carefully husbanded by the Committee on Appointments and Promotions, and they should be used for specific purposes. One concern is that Williams in the 1980s prepare its students for the leadership roles they will be expected to play in the 21st century. A major factor conditioning the world our graduates will face is the diminishing relative importance of the United States, and the increased need for Americans to understand more about the world outside our borders. This means support for non-U.S. and non-Western studies, including foreign languages. We would urge that some of the added full-time equivalent faculty positions be used to assure that such areas are adequately staffed and developed even in times of temporary declines in enrollment interest. We also believe that in the area of languages, we may need to give more attention to the acquisition of language skills per se, as is being done now in the critical language program.

The other area in which we feel both new faculty and existing faculty positions should be better allocated is in achieving a larger share of course enrollments in classes of more modest size. As mentioned earlier, we have **not** managed this issue well. It clearly has an effect on the way the students view their experience at Williams. We have the overall resources to make more, smaller classes available to students by revised allocations within and between departments, provided we make explicit choices to do so.

Several factors make the management of class size a difficult one. Since the College has no required courses, broad distribution requirements among divisions, and many options within most majors, our curriculum and the demands for faculty personnel are to a large extent driven or determined by student choice among course enrollments. We have few large departments, where choices of where to "teach large" are possible; and many smaller departments, where no such choice is available. There is little constraint on the switching of courses and little more on the changing of sections within a course even during the first two weeks of each semester. By giving students nearly complete freedom to choose, we create serious problems in the allocation of faculty among departments and even in maintaining the size of classes most desirable for the subject matter or teaching approach in a specific

Class Size Distribution for Selected Academic Years*

	1969/70	1970/71	1971/72	1973/74
Total number of Classes	264	266	280	314
Number of Classes ≦15	121 (46%)	134 (50%)	123 (44%)	125 (40%)
Number of Classes >35	24 (9%)	30 (11%)	36 (13%)	34 (11%)
	1976/77	**1977/78**	**1978/79**	**1979/80**
Total number of Classes	306	333	324	324
Number of Classes ≦15	103 (34%)	152 (46%)	136 (42%)	256 (41%)
Number of Classes >35	47 (15%)	31 (9%)	43 (13%)	88 (14%)

*Data for fall semesters.

Table 10

course. In light of the importance both current students and potential applicants, as well as many faculty, place on seminar and discussion classes, we believe the issue of distribution of course offerings by size of class should be a subject of explicit monitoring and discussion between the Committee on Appointments and Promotions and individual department and program chairmen. We also believe that greater priority should be given to the choice of which courses to offer primarily on a lecture basis as compared to those offered in discussion format; in other words, to the question of where to "teach large" in order to be able to "teach small."

We have discussed the increasing pressures on the academic market and the resulting adverse effects on mobility and morale. Further, if the present mood in Congress prevails, there could be added pressures arising from reductions in federally funded research grants: a source of support for Williams faculty, young and old, for their own professional development and for scholarship and research. We believe a fund of around $200,000 (in today's dollars) should be budgeted annually for discretionary use by the President, Dean of the Faculty, and Provost, for what could broadly be called faculty development. Several members of the faculty have suggested College support for career changes by faculty in their 40s or 50s; a proposal that we believe has promise. The early retirement program may offer attractive alternatives for some individuals, but requires budgetary support. Other faculty members

Age 70 Retirements Projected: 1981-1995

Year	Number
1981	4
1982	0
1983	0
1984	0
1985	0
1986	0
1987	2
1988	2
1989	2
1990	4
1991	3
1992	6
1993	7
1994	5
1995	0

Table 11

may require supplemental sabbatical leave pay and/or travel funds to allow themselves to retool to teach new subspecialties within their fields or to pursue their scholarship most effectively. We believe the availability of a substantial fund can be an effective counterweight to the adverse effects of developments in the academic profession as a whole. We do not propose that these funds be a regular substitute for national competitive fellowships, nor do we think they should be viewed as funds to be competed for internally. The initiative should come from the President.

As indicated earlier, there is a need to assure the adequate professional development of the administrative officers as well as the faculty. The possibility of leaves for administrative officers was introduced some years ago, but it has not been used as aggressively in promoting professional growth as it could be. Further, we believe there may be circumstances under which the President may wish to use some of the discretionary funds we have suggested above to promote renewal and development of the administrative staff.

The adverse conditions of the national market for academicians is particularly troubling for the nearly half of our teaching faculty that is young and not on tenure. In the past decade Williams has markedly increased support for the professional and scholarly development of the younger members of the faculty through a policy of assistant professor leaves at full pay for a semester and through increased support of faculty scholarship. Except for some special problems in the sciences, where set-up costs for new faculty are not adequately met, we believe that the present levels of support for faculty scholarship are adequate, but that they should be maintained at their present real levels, i.e. increased to offset inflation. In addition, some special needs should be met from the discretionary fund for faculty development that we recommend for this decade. The College should reaffirm its commitment to the policy of promoting promising young faculty to tenure, despite the fact that the present age-structure of the faculty is such that the tenure ratio will rise from its present level of 50 or 55 percent (depending on how one counts people on leave or part time) to a ratio 10 percentage points higher by the end of this decade if present promotion policies continue. We will have a substantial number of retirements in the early 1990s that will reduce the tenure ratio again. Thus we are not concerned with the apparent upward shift during this decade. We have a relatively low tenure percentage compared with many colleges, and we believe the upward movement is not adverse. It will still allow flexibility to respond to new curricular needs

and to changing student interests through continuing reallocation of faculty positions from one area to another.

One of the unique features of the small, residential, liberal arts college is the opportunity for interaction between students and faculty outside of class. At Williams such interaction is highly valued by many students and faculty, appreciated by parents, and remembered fondly by many alumni. With a variety of changes over the past decade, especially economic pressures on all faculty and professional pressures on younger faculty to devote time to scholarship, there has been some diminution in student-faculty interchange. This is unfortunate, and the College should take steps to reverse this trend. We also believe that the tenured faculty members have more responsibilities in these areas, and should be expected to do more than their proportionate share of student advising, serving as associates of the residential houses, etc. We urge the appropriate administrative officers to be more aggressive in seeking help from faculty in performing the regular advising roles, and, indeed, as part of our overall recommendations, we would see faculty taking over some of the functions now performed in the Dean's Office. Further, we believe the Dean's Office should provide a facilitating role in encouraging student-faculty interaction.

But beyond exhortation, we believe there should be an increase in the budgetary support available for those faculty who wish to entertain students — in the homes, in classes held at the Log, or on other terms — something many students value highly. Modest funds exist through departments, the Dean's Office, and the residential house associates system. We think another $15,000 to $25,000 devoted to encouragement of this sort of activity would be well spent. We also believe that the responsibility for initiative in these areas should come as much from students as from faculty, and that the Dean's Office can provide assistance, facilitation and guidance here as well.

This may be the appropriate point to comment on the expectations the College should have of faculty. In keeping with the dignity of the teaching profession, Williams does not have "job descriptions" for its faculty. It recognizes that individual members of the faculty bring an essential variety of special strengths to the institution. Some are most effective in classroom teaching at the elementary, some at the advanced level; some are excellent at work with honors students; some are superb at working with individual students as advisors or counselors; some are especially stimulating colleagues to other members of the faculty; some are productive

scholars in close touch with other leaders in their field of special interest, some are outstanding in making the College function effectively as a collection of people. What makes the Williams faculty strong and stimulating is that individuals have a different mix of talents within themselves, and even change their interests over time, so that a diverse group of people collectively contributes to a well-rounded faculty. If the mix lacked some talents, we could become a glorified prep school; lacking others, we could become a second-rate university: impersonal scholars without the range of essential resources. In the decade that lies ahead we must have a clear view of ourselves as an institution, and of how different individuals and different groups contribute to the strength of that institution.

So, while it is of utmost importance that the College make major efforts to assist in the scholarly development of the faculty, which is a key element in the maintenance of an academic institution of the first rank, it is also of greatest importance that the faculty be committed to the tasks required to run a residential, liberal arts college that is dependent on a high degree of student-faculty interaction beyond the classroom. We stress the importance of this point independent of the financial problems we foresee for the next decade.

Williams has functioned effectively as a residential, liberal arts college in large part because the great majority of its faculty members have rooted their lives in the College and in the local community. This ingredient of the College's health will continue to be essential. It is possible that it will conflict with other interests of some faculty, especially where there are dual-career families with a spouse employed outside the Williamstown area.

It is easy to be misunderstood in the area of dual-career families, so we wish to spell out our views a bit more clearly, since both economic pressures and changes in American culture are making dual-career families more prevalent. Williams' location, as already noted, presents certain problems for couples where both partners wish to pursue professional careers. One possible solution would be for both to be employed at the College, and an increasing number of people are so situated at Williams. A number of policies introduced over the past decade have facilitated this development, including the adoption of regulations governing part-time academic appointments, the introduction of leaves of absence for administrative officers, the establishment of the position of research associate to provide professional association for qualified spouses not currently employed by the College, and publicity within the

community on all job openings. The rigorous requirements of open searches for regular faculty appointments severely limits the options within the faculty, and in all areas of the College anticipated or actual performance in the job is and should be the primary qualification for hiring, retention and advancement. It is unrealistic to assume, therefore, that the College would employ both spouses even if occupational interests matched College needs.

In an increasing number of cases, faculty and administrative staff have spouses (or, if single, have friends) employed at some distance from Williamstown, whether the Albany area, the Connecticut Valley, or one of the major metropolitan areas. Whereas 25 years ago the typical younger faculty member was rooted in Williamstown, ties are now stronger to other regions. Diversity in the professional careers and life-styles of members of the faculty and staff is welcome, since the Williams faculty is and should be diverse in its talents and interests and the ways in which individuals make their contributions to the College. We would expect some people to be more involved than others in the life and governance of the College outside the classroom. Further, frequent absences from Williamstown need not interfere with the effective contribution to the College's affairs, any more than physical presence implies one is contributing adequately. We believe the College should be accommodating to individuals whose personal and professional situations require physical separation from Williamstown, so long as this does not adversely affect their contribution to the life of the College. However, it should be clear that a residential college with close student-faculty interaction, significant faculty involvement with college governance, and a substantial degree of collegiality among the faculty is not likely to be successful if significant numbers of faculty and staff have their principal residence and the principal focus of their lives elsewhere.

We have four shorter comments to make on allocations within the general area of academic program.

First, we believe the library should be an "exempt area," that is, it should not be subject to budget cuts, and it should receive increases to cover inflation in costs and increases in real salaries for library personnel. Williams has an exceptionally well-run library, producing, as is true in a number of administrative areas, a higher level of real services (numbers of new books, periodicals, hours of reader service, etc.) per dollar and per employee than almost any other comparable institution in the country. These facts are confirmed in an annual survey of nearly 30 colleges in which we regularly participate.

Second, it seems clear that academic computing will and should receive some preference in budget allocations in the years ahead. In addition to computer hardware, it is possible and may even be likely that the next decade will see the development of a wide range of new technologies in teaching. These may provide opportunities for substitution of hardware for some teaching functions, they may be "embodied" in the changing state of the art in the academic disciplines themselves; but they may also be related to pedagogy rather than subject matter. Thus there are likely to be budgetary demands that we cannot accurately foresee, and these demands may require assistance in retooling members of the faculty as well as simply acquiring relevant hardware or software. Without solid figures, we have shown an eventual allocation of an added $75,000 to $125,000 per year for academic and administrative computing and other technological developments. (One of our members remarked that the two most important languages for Williams students who will provide leadership in the 21st century may be Fortran and Chinese.)

Third, we are convinced that for some areas within the academic budget the demonstrated worth fails to justify the costs. We believe that at least $40,000 to $60,000 of program cuts should be effected (on a total budget, excluding faculty, of nearly $2 million for academic departments and programs) in the search for resources to provide the priority needs of the College. Again, these should be specific cuts, not a general squeeze from everyone's budget.

Library Comparison Data
Williams Rank/Number of Colleges

Academic Year	Number Periodicals Received	Number Volumes	Number Volumes Added	Number of Professional Staff
1970/71	8/38	10/38	11/38	14/38
1971/72	4/38	10/38	13/38	18/38
1972/73	8/41	9/41	9/41	14/41
1973/74	5/39	8/39	7/39	12/39
1974/75	5/41	8/41	9/41	17/41
1975/76	6/39	8/39	4/39	13/39
1976/77	3/37	8/37	4/37	15/37
1977/78	5/38	7/38	4/38	16/38
1978/79	4/40	9/40	8/40	20/40

Data compiled from information supplied to the Higher Education General Information Survey by a group of comparable colleges

Table 12

Fourth, we have discussed the place of the performing or creative arts at some length, in part because of their more recent emergence as sources of strength at Williams, and in part because in an era of tight resources some would raise questions about devoting resources to less "practical" areas of curricular and extracurricular activity. Williams has a strong tradition of teaching and scholarship in art history, and an unusually large share of the undergraduate body has taken an introductory course in art for decades. In the 1950s and 1960s art design courses were introduced, and a strong design route to the major in art was developed. The Clark Art Institute provides a unique resource to the College, and the Williams College Museum of Art is also a fine small collection for teaching purposes. Music has developed over the past 20 years both curricularly and in the quality and range of extracurricular performance by students and faculty. Theatre now offers a major program for undergraduates and a highly demanding and rewarding performance schedule. Offerings in the dance are now a decade old, and dance both provides a strong program in instruction and enriches the range of artistic performances available to the Williams community.

Both staffing and budgetary support for the arts have increased substantially in the past two decades. As we reviewed the place of the arts, especially the performance aspects, we concluded that the College has benefited significantly from the quality and the range of the programs now available in the arts. We would expect that modifications would come about with changing student and faculty interests and in response to particular strengths and weaknesses of individual areas of the program. We also feel that greater efforts to exploit individual student talents might be made in the area of musical performance, using fewer visiting professional artists. Apart from this, we believe the level of support and the nature of the overall program offerings, both curricularly and in extracurricular terms, is appropriate for the needs of the College in the coming decade.

Student Services and Extracurricular Activities

Despite the pre-eminent importance of the academic program at Williams, the range of services available to students and the richness of the extracurricular program in music, theatre, athletics, and various student-organized activities also make fundamental contributions in three areas. First, they are an extremely important attraction to potential students. Second, they contribute greatly to student morale on campus. And third, extracurricular activities they enjoyed as undergraduates play a major part in the strong sense of identification that alumni have with the College. Given the importance of these areas, tampering with them is risky. But they collectively consume very large amounts of resources, and our examination of these areas has convinced us that the College could make selective cuts and reallocate resources to ensure continued wide participation in a broad range of high-quality programs, while realizing some improvement in the number and quality of opportunities for students. We must have reductions of the orders of magnitude suggested here if we are to release the resources to finance the growth areas of expenditures we believe are necessary. Further, it should be pointed out that during the transition to coeducation the College made every effort to add services that would benefit women without doing so at the expense of programs serving men. It is time to examine the resulting mix of programs in these areas as compared with overall College needs, and that we have tried to do.

It should be emphasized that Williams at present has a great variety of services, programs, and facilities, and that we offer more to our students than most comparable colleges. Our residential housing, overall, may well be the best in the Northeast, if not nationally; the dining facilities are extensive; the athletic program is

of exceptional strength and quality; career counseling offers a wide range of excellent services, again at a higher level than other comparable institutions. Thus, we propose decreases from levels of service that are very high, and that will remain high even after such reductions.

The College budget defines an area known as "student services" that consumes well over $1 million annually for the Dean's Office, Career Counseling, the Health Service, chaplains, Registrar's Office, financial aid administration, etc. We propose that $50,000 to $75,000 be cut from the budget and programs of those offices, collectively. The Dean of the College should coordinate this effort. This is not an easy task, since we tend to be more "lean" in numbers of deans and levels of psychological counseling services, for example, than other comparable institutions. We believe that calling upon the faculty to perform some of the functions now being done in the Dean's Office should enable us to make these reductions in budget but not diminish the "delivery" of student advising and counseling services. Further, in some administrative areas the new computational opportunities we have on campus should improve productivity and allow some reduction of staff while maintaining or even improving services.

A second area that we believe will yield some budgetary saving while providing some new opportunities is some consolidation of dining among the residential houses. It has been some time since a full review of the residential house system has been undertaken, and we recommend that next year a student-faculty-administration committee review the system with some particular objectives in mind. First, we should consolidate dining operations to eliminate the row house dining and make alternative arrangements for those residential units to dine together as they wish in some of the larger existing facilities. The estimated budgetary savings from this move ($60,000 to $100,000 per year) are substantial, though some capital costs may be required to provide adequate opportunities for row houses in existing dining facilities. A less dispersed dining system with greater control of those using the dining facilities would make possible more flexible meal plans, something students have desired for some period of time. Further, an expansion of the co-op housing option would be more feasible if some of the existing small kitchens were not used to serve the smaller outlying houses. Finally, some of the space in the row houses could be converted to additional student rooms — something now needed with the trend away from off-campus housing, even with a constant size of student body.

In addition to the objective of most effectively achieving a consolidation of the dining system, a review of the residential system also should consider the effectiveness of our present and any proposed system in meeting the social and intellectual needs of students in their life outside the classroom. The increase in the number of students requesting transfers among residential houses is a cause for some concern, and it suggests that the system may not be as healthy as it could or should be.

Further, the committee should review the best methods of involving faculty more creatively with students in activities outside the classroom. This doubtless means a review of the faculty associate system for the houses, and we would hope that the committee would find a way to revise the use of guest meals and make more creative use of the opportunities for students and faculty to meet one another in a relaxed atmosphere over meals in order to maximize the benefits of being in a residential college.

Finally, we would hope that the committee would consider how to encourage students to take the initiative in encouraging student-faculty contact related to shared intellectual interests, recognizing that education outside the classroom is a function best performed in a residential setting. In all of this, we think that the Dean's Office should be seen as playing a major facilitating role in encouraging the creative interaction between students and faculty, both in the residential house system and through other devices.

Athletics and physical education have played a major role at Williams for decades. While the last stages are still being completed, an excellent program for women has been added to a traditionally strong program for men. The program has extremely high rates of student participation, excellent instruction and coaching, outstanding performance and exceptional morale. Our location both encourages and facilitates a wide range of activities. The basic approach has been to seek widespread participation in the program and to offer all students opportunities at various levels of commitment and expertise. Organized intercollegiate competition at varsity and junior varsity levels, intercollegiate club sports, organized intramurals, physical education instruction and opportunities for informal recreation all engage students and demand staff, budget, and facilities.

We believe a reallocation of efforts within the Department of Physical Education, Athletics and Recreation is required in order to affect a budget reduction of around 10 percent from 1979/80 levels — a saving of $60,000 to $90,000. This reduction and reallocation will doubtless mean elimination of some program content,

probably a varsity sport and one or more regular junior varsity sports, as well as some economies in other areas for other intercollegiate sports. We believe that increased promotion of intramurals and added support for club sports are likely to emerge as a consequence of this reduction and reallocation. The planning should have maximum participation and high quality of programs as objectives. We recognize, of course, that intramural and club sports are not perfect substitutes for competitive, intercollegiate athletics. As in other areas, we do not believe that across-the-board cutting of expenses is likely to achieve desirable results. Nor do we think reductions can be accomplished without losses in program satisfactions. However, even after the proposed reduction, we believe Williams will still have the broadest range of student athletic opportunities of any comparable college.

One main area of need within the athletics/physical education/recreation program is some expansion of indoor facilities. We urge

Athletic Programs

Men	
1971–72	*15 Varsity Teams:* Baseball, Basketball, Cross Country, Football, Golf, Hockey, Lacrosse, Skiing, Soccer, Squash, Swimming, Tennis, Winter Track, Spring Track, and Wrestling.
	11 Junior Varsity Teams: Baseball, Basketball, Cross Country, Football, Golf, Hockey, Lacrosse, Soccer, Squash, Swimming, and Tennis.
	2 Clubs: Crew and Rugby.
1979–80	Same
Women	
1972–73	Field Hockey, Tennis, Basketball, and Club Crew
1973–74	Added: Swimming, Skiing, Squash, Volleyball, Lacrosse
1974–75	Added: Cross Country
1975–76	Added: Soccer Swimming went from fall to winter Tennis went from spring to fall
1976–77	Added: Club Track (spring only)
1977–78	Soccer went from spring to fall Added: Ice Hockey Club
1979–80	Track—Club to Varsity

Developed Women's JV so that in 1980 there are 4 Women's JV teams: Tennis, Field Hockey, Squash and Lacrosse

Table 13

that reconsideration be given to the plan for modification of Lasell Gymnasium to provide renovation of the upper level and some additional space for both basketball and recreation and teaching stations. We believe this can be done within the budget for renovations we have recommended, and that it would provide potential energy-saving possibilities even though some added space would be required.

Faculty and Staff Affirmative Action

In the late 1960s, when the College moved toward both an active program of seeking larger numbers of black applicants and the admission of women as students, we began an active program of recruitment of minority and women faculty and staff. We believed this was essential in order to (i) provide alternative role models for all students, (ii) ensure a breadth to the community so that students could seek advice and counsel from individuals with whom they felt some greater sense of identification, and (iii) be certain the College had more diverse views represented in formulation of policy on educational and other issues. Around the same time the first black and women trustees were elected.

We have been quite successful in recruiting highly qualified women and minority faculty and staff. A continuing problem has been that most are younger, and only four women are in the tenured ranks of the faculty. This problem will be solved with time, since about 30 percent of assistant professors are now women, and 10 percent are members of minority groups. We have had less success in retaining our women and minority faculty and staff, however. This is especially the case with black faculty and staff, where we have appointed excellent people only to see them move on after a short period of time to important positions at other institutions.

It is essential that the efforts at recruiting and retaining women and minority faculty and staff be continued and, especially in the case of minorities, intensified in the next decade. This will not require much in the way of financial resources, but it will require increased efforts on the part of department chairmen and administrative officers with responsibility for hiring.

Admissions Issues

We have already indicated that we are not overly concerned with the numbers of generally well-qualified applicants in the next decade, provided we maintain our academic quality, our range of programs and the enthusiasm of our students. However, we believe four important issues will require much attention and some money.

First, the competition for the most outstanding students will become increasingly intense as their numbers in the applicant pool fall nationally and as colleges seek the best. Already some colleges are yielding to the temptation to reintroduce the "no-need" scholarship, a device aimed at "buying" the best students. We believe this is a great error, because the no-need scholarship performs no social function, it simply siphons financial aid away from genuinely needy students. We believe that this is a game Williams should not play, but we may be affected by the results when others play it. The Admissions Office and the Admissions Committee should give more thought to an appropriate strategy for attracting the most outstanding students and to the ways in which the faculty can be helpful in the recruiting process.

The second area of concern is that of minority students. We have not always attracted the numbers of well-qualified black applicants we had hoped, and we suffer from severe competition for those we accept due to our location and especially to our lack of success in attracting an adequate number of black faculty and staff. We believe strongly in and wish to reaffirm the College's 1968 commitment to the recruitment of black students. We also believe the resources should continue to be made available to accomplish this task correctly, including the support facilities for minority students on campus. We do not see financial aid as a constraint. We think there should be more intensive use of our rapidly growing num-

bers of black alumni to assist in the recruiting efforts. Further, some of the additional funds that need to be allocated for work with alumni admissions groups should be particularly targeted to increasing the black applicant pool.

The third area of concern is related to the shift of the U.S. population, including Williams alumni, to the South and the West. We believe a special effort, coordinated among the Admissions Office, the Alumni Office and the Development Office, should focus on the public relations, organization and travel efforts needed to effectively tap these newer sources of talented students. We are particularly concerned that we economize on resources and make use of alumni in these areas, as we think an attempt to cover the territory solely from Williamstown is not likely to bear fruit. We believe $50,000 appropriated to this multi-dimensional effort is called for.

Finally, we believe that Williams should continue to follow a policy of admissions that is essentially "aid-blind." The resources for adequate financial aid can be made available, and, in fact, we have made allowance for a rising share of financial aid in relation to tuition income in our decade budget projections. We believe the Admissions Office should seek individuals who have the talent and the potential both to benefit from a Williams education and to contribute to Williams while they are here, regardless of their economic circumstances. In fact, there is some evidence that the high levels of tuition and fees at Williams and other private, selective institutions are discouraging lower and middle-income families from even applying for admission. Efforts must be made to prevent this sort of phenomenon from developing further in Williams' applicant pool.

General Administration and Overhead

Williams is tightly administered. Cost comparisons with other institutions, including those done by the Consortium on Financing Higher Education (COFHE), show we have relatively low overheads for administrative functions. Our costs of maintaining the physical plant are low compared with other institutions. This was true before the energy price increases of the mid-1970s, and is still true. However, we believe that the priorities of the College demand a reallocation of resources to the core academic program, and that all employees of the College, whether or not they are on the faculty, should have their real compensation levels improved. In the past two years we have trimmed our sails considerably through the sale of Mt. Hope Farm and the Cluett estate. These two properties were lovely amenities for the College, but hardly necessary in difficult times. What is needed in the next round is a range of reductions of services and of staff that will doubtless mean less comfort, less convenience, longer waiting times to get some tasks accomplished and changes in the way things are done. We view this as a necessary price of keeping the College healthy and of getting our priorities right.

We believe the College can run effectively with about 10 percent fewer employees than it now has in the non-academic areas, even though this will mean some reductions in service and convenience. Consolidation of dining functions is one area that will have effects on the required employees. Buildings and ground maintenance can make its share of the reductions, partly by reorganizing how it carries out some of its major functions, but also by reducing levels of service in some areas. Some other administrative offices, and also some academic offices that could be rearranged in terms of their support staff, are other sources of these reductions. In part

we believe that the full utilization of our new computer hardware will have a beneficial effect in clerical and support staff productivity.

It is essential to repeat what we said earlier: There is no need for emergency action. What is required is a plan, by the end of the academic year 1980/81, showing how these cuts will be effected within a reasonable period of time based on and taking into account normal employment attrition. The resulting increases in productivity from the individuals who remain on the job after others have resigned or retired will help to make possible the increases we believe are essential in the real wages and salaries of all the College's employees.

We also believe more use should be made of students in providing needed college services. Some of our sister institutions use considerably more student labor than does Williams, and there are a number of possibilities for more student employment. The benefits for greater student labor are several, including the desirability of greater income-earning opportunities for students as the real cost of attending Williams rises, the flexibility of student assistance in meeting the variable demand for labor at the College during the course of the year, and the advantages of having more students work closely with regular employees of the College — a situation which encourages a greater degree of mutual understanding among students and staff.

Alumni Relations

As indicated, we have excellent support from the Williams alumni in all areas. It is vital to the health of the College that these good relationships be sustained and even improved. We have already mentioned the need to allocate some funds to the public relations/admissions/alumni/development efforts in areas of new concentrations of Williams alumni. We believe it is also important that the Williams faculty continue to be utilized by the Alumni Office in making visits to regional alumni associations and in participating in other alumni affairs. The Admissions Office's practice of giving some preference to sons and daughters of alumni, in our view, is sensible, and we believe it should continue. In this connection we noted that the broadening of the student body that occurred in the past 30 years is having its effects in bringing a more diverse group of alumni children to the applicant pool; a trend that should accelerate in the coming decade.

Alumni contributions are vital to the financial health of the College, quite apart from all the non-financial contributions alumni make. We are projecting that the Alumni Fund will be able to keep up with inflation in the next decade, as it has in the past, and we believe this is a reasonable assumption.

Tuition Policy

In the past decade, Williams' tuition and fees rose less rapidly than those of the large Ivy League institutions, and even somewhat less rapidly than at Amherst and Wesleyan. The gap in tuition alone is not as great as the gap in room and board fees, despite the relative richness of Williams' facilities. We believe we can close some of the gap with the Ivies to whom we lost most students who are accepted by Williams but enroll elsewhere. We are projecting that tuition can rise two percent per year in real terms over the course of the decade, which would be roughly in line with family incomes in the United States if our background assumptions are met.

Tuition is something we must watch very carefully, however, as we are near the cutting edge of the cost of higher education to students and their parents. We have been impressed, however, by the number of parents and alumni who have observed that, since we have a top-flight education to offer our students, we should not be embarrassed about charging the tuition needed to make it possible. Alternatively stated, we can prudently charge high tuition so long as the quality of the Williams education, as perceived by students and their parents, is correspondingly high. Obviously, as stated earlier, if real growth of family incomes fails to materialize, tuition increases will not be possible on the scale we project and, consequently, resources for faculty and staff salary increases will be less abundant.

We have already mentioned financial aid, but we should stress that we see aid rising more than proportionately as tuition increases in real terms. This is essential and affordable, since tuition increases in real terms will doubtless push some families into the category of financial need. And we believe Williams should continue to admit students on the basis of their promise and their

ability to benefit from and contribute to the life of the College. As tuition rises in real terms, and as the price in inflated dollars climbs, special efforts will be needed to keep students from low- and middle-income families in the applicant pool: They may be scared off by the stated tuition and fees, and may not even explore an application for admission and financial aid. We would regard this as a serious loss.

Endowment Support

We now have five years of experience with the policy of spending a prudent amount on current operations, as judged by the trustees, that may be more, or less, than the dividend and interest earnings of the endowment. We have increased the amount of support for current operations by six percent per year. That figure had been arrived at during a time when inflation was approximately six percent. Given the value of the endowment and the rate at which capital funds are being raised, we believe that the amount the College is spending from the endowment can be increased at a faster rate.

In our decade budget projections that assume inflation averaging nine percent, we believe it is prudent to increase the amount taken from endowment to support the College's operating budget at a similar rate. Given the other assumptions and projections we make for the decade, such a change in policy would mean that we would still be spending on operations at the end of the decade about the same percentage of the market value of the endowment as we now are. As with other aspects of our proposals, this must be monitored very closely.

Capital Funds

Our recent record of raising $4 to $5 million per year in new capital gifts provides a conservative estimate for capital fund raising for the next decade, given our assumptions about the economy, inflation and securities markets. Recent trends in giving for the 25th and 50th reunion classes and the successes of the deferred gifts programs of the College are most encouraging. A rate of $4.5 million per year of new capital funds assumes that the Development Office continues to be staffed at a reasonable level, and that it shares in the use of the $50,000 we have suggested for the new directions in public information, alumni relations, admissions and development efforts.

The success of our development efforts over the past 20 years and the outstanding performance of the Alumni Fund all make us optimistic that the goals we are projecting for capital fund raising are modest, and could well be exceeded. If they are, pressure on other areas of the budget would be relieved.

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Ten-Year Budget Forecasts

The main elements in the 10-year forecast that we believe will achieve a balanced budget for the College on a consistent basis have been discussed in detail above. The particular choices of the parameters and assumptions have resulted, in large part, from a series of budgetary forecasts made with the use of a planning model constructed with the principal assistance of the associate provost; the first complete revision of our budget planning model in a number of years. The nature of the model and the results of various manipulations of it are described in Appendix B. We believe the use of this planning tool has enhanced our understanding of the basic economics of the College. It provides a basis for considering the more important policy decisions in a quantitative context.

To recapitulate our assumptions for a basic, balanced budget, projections are as follows.

For the external situation, we assume inflation will average nine percent per year, energy and library acquisition costs will rise at 12 percent per year, real income in the United States will grow by around two percent per year, and securities markets will allow a modest real rate of return on financial assets.

On the income side of the budget, we project tuition will rise two percent per year in real terms, the Alumni Fund and other current gifts and grants will rise with inflation, room and board fees will rise with inflation, there will be no major reduction or increase in federal programs for student financial assistance, and endowment income spent on operations will rise at nine percent per year.

On the expense side, we assume that average compensation for faculty and staff will rise at 1.5 percent per year, the ratio of faculty on tenure will increase by about 10 percent over the decade, the size of the faculty will grow by six full-time equivalent positions,

the number of full-time equivalent non-academic employees will decline by 10 percent over the decade, financial aid will increase to match tuition increases; in addition, the number of students on financial aid will increase by one percent per year and other costs will increase with inflation.

Finally, with respect to capital items, the managed portion of the endowment is assumed to earn a total rate of return (income plus appreciation) of 11 percent (two percent real); the unmanaged portion is assumed to earn a seven percent rate of total return; capital gifts will be $4.5 million per year, plus an added $3.3 million needed for the art facilities; no new construction will be undertaken apart from the art facilities, and $500,000 of capital each year is assumed to be available for renovation and energy conservation projects rather than being added to endowment.

We believe the above set of assumptions is consistent with a healthy college in educational terms and is capable of producing a regularly balanced budget during the decade. Further, the College will be left at the end of the decade with a well-maintained physical plant and an adequate endowment for the next generation of students, faculty and staff.

As we have indicated, our basic assumptions on the external economic and financial environment during the next decade are relatively pessimistic compared with the long-run trend of U.S. economic history, but, in light of the developments of the last few years, our assumptions may be seen as excessively optimistic by some. We think it is important to indicate what difference it would make to our basic conclusions if some of the key financial and economic assumptions are incorrect.

With respect to inflation, an average rate of inflation of nine percent per year is extremely high by historical U.S. standards. But it is also considerably lower than the inflation rate has been in the past several months. What would be the consequences of an inflation rate considerably greater than the one we have projected? The key issue is fundamentally whether all prices and costs adjust to inflation or whether some do not. For example, if the inflation rate is somewhat higher than our projection, but if this is accompanied by no decline in real family incomes, then tuition and considerable gift and grant income would simply become "pass-through" items: higher costs to the College could be met by higher tuition charges and higher expected gift flows in inflated dollars, and there would be no change in the real values.

In the past decade, financial asset values have not adjusted with inflation, and consequently neither gift income nor endowment

income have inflated at the same rate as other costs. As a result, the College's income has not grown as rapidly as its expenses in inflated dollars. Thus the issue is not whether we are incorrect in our assumption about inflation per se, but whether we are incorrect in our assumptions relating the inflation rate of various cost and income items, particularly that of endowment.

One major potential inflation problem, we believe, may be energy. We are projecting a one-third increase in the real price over the decade. While this is below the increase for the 1970s, it is considerably above the rate of real energy price changes during the 1950s and 1960s. However, even on energy issues, the $500,000 per year we have allocated for capital funds that are raised but not invested in the endowment will provide a substantial fund for energy-saving activities. Such investments should keep the budgetary cost of energy rising no more than a third in real terms during the decade, even if the unit cost of energy should rise at a faster rate.

We may also be incorrect on our assumptions about real economic growth in the United States. The logic for tuition increases is partly due to the current gap of Williams' tuition and fees behind that of the large Ivy League schools and some of our sister small colleges. However, most of the argument for tuition increases is that there will be sustained growth of the United States economy and a sustained income increase in those portions of the population from which we draw most of our students. If we are incorrect about the growth of the American economy, then it will be inappropriate to raise tuition by the real percentages that we have suggested. On the other hand, this will simply mean that there are fewer resources to provide real increases in faculty and staff salaries. The logic of increasing faculty and staff salaries at Williams is fundamentally related to the objective of allowing Williams faculty and staff to share in U.S. economic growth. If there is no general economic growth, then the necessity of raising faculty and staff salaries is not as pressing an issue either of equity or of maintaining competitive salaries for the College.

Finally, with regard to the performance of the endowment and the developments in securities markets, we have assumed a very modest real rate of return on the endowment. This is considerably below the long-term trends in the United States, even though it is above the performance of the last 10 years. If our real growth assumptions for the economy are of the right order of magnitude, the endowment assumptions are very modest, given the 1979/80 level of the stock market in historical terms.

Monitoring the College's Performance

Since there is such a high level of uncertainty about the external circumstances, and since we have specific suggestions about internal adjustment and management, we wish to suggest a monitoring procedure and a list of variables that should be watched with care. Failure to meet the background assumptions or the recommended internal adjustments would indicate a need to adjust the College's priorities. A deterioration in the external environment may require more economies; a plethora of resources would mean less need to reduce program and services, greater opportunities for regaining lost ground on salaries and wages, and less need to increase tuition and fees. In all cases, however, the focus should be on the longer run trends, not year to year variations.

The monitoring procedure we suggest is relatively straightforward and reflects a broadening of practices that have operated for many years. The Budget and Financial Planning Committee of the Trustees has focused its attention on long-range issues for some time. The newly created Priorities and Resources Committee of faculty, students and administrative officers provides a parallel on-campus committee. At the January meeting of the Trustees, these committees should meet jointly to review a series of data for a three-year period: previous, current and up-coming fiscal years. As in the past, a series of further 10-year projections should be considered at such meetings. A review in January would allow the basic budget parameters for the next fiscal year to be discussed prior to final actions normally taken at the spring meeting of the Trustees.

The key variables that should be considered by the two committees are listed below. Their importance to our projections should be obvious from our earlier remarks, and we will expand further on interpreting trends below.

Tuition and fees at Williams should be reviewed and compared with charges at other colleges (both those with whom we compete for students and in the public sector) to keep track of the tuition gaps, inflation and family incomes in the U.S. generally, and incomes of Williams applicants and Williams students requesting financial aid. Further, each year there should be a report on the extent of "tuition resistance" encountered both in our own pool of applicants and at other institutions that may be closer to the "edge" than is Williams. The Consortium on Financing Higher Education's group comparisons should be of particular value.

Endowment performance and endowment spending should continue to be reviewed, as they have been for the past five years, with attention to the ratio of spending on operations to market value of the endowment; performance of the endowment on a total return basis in relation to other managed assets, to unmanaged averages, to the rate of inflation, and to the rate of increase in the spending on operations; the growth of the endowment from new capital gifts, and spending on plant renovations or construction.

Capital and current gifts should be monitored in relation to the growth of endowment and the growth of operating costs respectively.

The numbers of employees, both faculty and staff, should be reported regularly, both on a full-time equivalent and a head-count basis.

A status report on energy consumption and conservation should be made, along with a review of the unit costs of energy and total energy costs.

Overall faculty and staff salary scales should be reviewed in a systematic manner. Our projections recommend improvements of around 1.5 percent per year in real terms, provided U.S. family incomes and productivity are rising at somewhat comparable rates. Thus, the Williams scales should be examined in relation to changes (i) at comparable colleges, and (ii) in the economy as a whole.

In each of these areas it is important to consider longer-term trends, not just year-to-year variations. Since we now are entering a recessionary period, we must be careful not to be too bearish. And, as the economy recovers, we must look at the longer-term trends, possibly to recover ground lost in one area or another during the recession; possibly to avoid over-optimism about the sustainability of a short-run boom. The advantage of endowed institutions is not only the ability to have higher costs per student than are covered by student fees, but also their capacity to avoid

short-run, stop-go policies as the external environment changes. We believe that this ability to take a longer view is crucial to the maintenance of the quality of the Williams education, and all constituencies must recognize that bullish or bearish responses to short-run phenomena are inappropriate. The January review we propose must focus on the movements over a period of at least three years, and possibly more. It is only if the major planning variables cumulatively move away from those we project that we think adjustments would be called for.

In addition to the examination of the major economic and financial trends, we believe greater oversight should be exercised on the internal management questions of class size and faculty and student distribution among departments and programs. The Committee on Appointments and Promotions does a good deal of the latter already, but we are convinced that greater attention to these issues by the faculty's Committee on Educational Policy and the trustees' Instruction Committee is called for, since greater concern for such allocation questions will raise educational policy questions. On a related matter, the Dean of the College should report regularly on his assessment of the state of student-faculty relations and ways in which the productive interaction of students and faculty outside the classroom is being enhanced.

Finally, greater attention must be paid to the nature of the admissions pool and to our success in attracting the student body mix we would like. In most respects the raw materials are already available in the detailed annual reports of the Directors of Admissions and of Financial Aid. However, we believe there is insufficient discussion of these issues by senior administrators, by trustees and by the faculty Admissions Committee. The monitoring of the size, the geographic, ethnic and socio-economic mix, and the "quality" of the admissions pool will be more important in the 1980s than in the past 30 years. The comparison with other institutions is being facilitated by the Consortium on Financing Higher Education studies, and these should receive greater attention and analysis. As in the case of the budgetary issues, a review at the January meeting of the trustees each year by the Instruction Committee and by the faculty Admissions Committee for the same three-year period (past, present and immediately ahead) would seem appropriate. Since the fruits of the labors of hundreds of regular employees, and hundreds more Williams' volunteers, ultimately depend on the nature of the student body attending the College, a significant increase in the attention given to the admissions pool and process by faculty, senior administrators, and trustees is clearly warranted.

Final Notes

As we have undertaken our task, we have continually been impressed by the extent to which all of higher education in the United States feels itself pressed, if not embattled, by conditions in the years ahead. While our particular approaches and solutions are unique to our own situation, we are hopeful others may have something to learn from our efforts. We are convinced that the process we have been through, and in which the entire College has been engaged, has been of greater importance than any of the details of our conclusions and recommendations. While all do not share our views on the specifics, we have encouraged a discussion about the important dimensions of the College's purposes and priorities, and we have had some degree of success in bringing all-important constituencies of the College into the process. We commend this as a method and as an objective to other institutions, and to Williams in the future.

The other lesson we may have learned is the importance of attempting to define the essential characteristics of the College's strengths, as well as the nature of the external environment, as the key elements in the development of an educational and economic plan for the College. The diversity of American higher education is one of its great strengths. It is important in the coming decade of contraction to maintain that diversity. We are concerned that many institutions appear to be neglecting their essential characteristics as they scramble for resources and for students. While any institution must adapt and change as the conditions facing it shift, we believe colleges and universities must define for themselves what they do best and what constituents they can serve most effectively, and work from that point to lay their plans for encountering the 1980s.

It is obvious that we believe our origins, our history, our sense of who we are and of our mission, are all important in defining the essential features of Williams and in setting priorities for spending College resources. It follows from this that some resources should be set aside later in the decade of the 1980s to begin preparations for the celebration of Williams' 200th anniversary in 1993. Those preparations should present an opportunity not only to think through our basic mission once again, but also to look again at the conditions for fulfilling Williams' role as we begin our third century.

As we look ahead to the 1980s, we are convinced that we have a tight but manageable program. We believe our recommended policy changes both are beneficial to the College educationally, and represent a set of compromises designed to allow the College to capitalize on its strengths, to do what it does best for students, to meet its obligations to its faculty and staff, and to remain financially viable. Despite the enormous challenges and uncertainties of the next decade, we believe it is reasonable to enter the decade in an up-beat frame of mind, convinced that the mission of the College is fundamentally sound, that the student body is talented, that the faculty is of high quality and dedication, that the alumni are loyal, that the staff of the College is ready to meet new challenges, and that together the constituencies of Williams College can meet their mutual obligations for the benefit of all parts of the Williams family.

APPENDIX A

Approximate Effects of Committee's Policy Changes As if Implemented in 1979/80 Budget ($000)

Additions to Income		
Tuition (20 percent increase, net of financial aid)	$1,400	
Endowment (effect of increased growth of endowment income used for operations)	120	
		$1,520
Reductions in Spending		
Academic support services	$40-60	
Athletics	60-90	
Student services	50-75	
Dining consolidation	60-100	
General administration, buildings & grounds, etc.	250-300	
	$460-625	
TOTAL		$1,980-2,145
Increases in Spending		
Compensation (+ 15 percent in real terms)	$1,575	
New faculty positions	145	
Discretionary fund for faculty development	150-250	
Public information and travel	40-60	
Computer costs	75-125	
Facilitation of student/faculty interaction and faculty collegiality	30-50	
TOTAL		$2,015-2,205

For Reference: Total 1979/80 Expenditures are approximately $22 million

APPENDIX B
The Use of Planning Models at Williams

The first use of a systematic, computer-based, 10-year planning model at Williams took place in the mid-1960s, just after the College acquired its first computer. The initial purpose of the modelling exercises was to investigate questions regarding the size of the College and the importance of some key planning parameters, such as the student-faculty ratio. An amended version of the model was used in planning for coeducation and the related expansion of the size of the College by the Lockwood Committee (see the June 1969 Report of the Committee on Coordinate Education and Related Questions). The model was further amended to assist in setting the goals of the Capital Fund for the Seventies, which was launched in 1974. Further changes were made to examine various approaches to endowment spending formulae, which assisted in framing the trustees' statement of endowment investment and spending policies issued in June 1975. Over the same period, extensive investigations were undertaken involving the effects of inflation on the College's financial future.

For the purpose of investigating the conditions for solvency in the 1980s, a small group convened by the provost decided that the College should subscribe to Educom, a non-profit group which had developed a computer modelling language and formatting system that could be used for a planning horizon of up to 10 years. The Educom system provided an extremely flexible approach that could accommodate a wide variety of variables, subroutines and special reports, and allowed us to construct a simple model to which more complex relationships could be added easily. The associate provost took on the task of the technical modelling and worked closely with the provost, the business manager and the chairman of the 1980s committee in constructing the model that we have used.

The structure of the model is quite simple. On the income side, various functional relationships are specified (e.g. income from tuition is equal to the tuition rate times the number of full-time equivalent students. The tuition rate changes from year to year depending on the growth rate specified for (i) real tuition increases and (ii) price inflation). All major income items are driven by separate relationships designed to allow us to explore the effects on budgetary equilibrium of changes in the underlying growth of the variables. Many income items are assumed to increase automatically with inflation. Significant items that do not so increase are the

Alumni Fund, which grows at any specific nominal growth rate and can be changed by the model user, and the income from endowment, which, based on the 1975 approach, is the base-year income increased by some specified nominal growth rate — initially the six percent adopted by the trustees in 1975.

On the expense side of the budget, most expenditures increase from the base-year levels at the rate of price inflation (the general, or Consumer Price Index rate for most items, and a special rate, higher than the Consumer Price Index, for energy and for purchases of library books and periodicals). Some special features were built into the model to allow examination of some important variables, e.g. energy use (a base-period constant times the number of square feet of building on the campus, inflated at the energy price index); the student-faculty ratio, and the rate of increase of the number of faculty on tenure. Separate salary and fringe benefit percentages are specified in the model, though we did not investigate variations in the fringe percentage for the purposes of our report.

In many cases we were interested in real changes as well as nominal ones. For example, we divided the compensation expenditures into factors based on the numbers of full-time equivalent employees of several different categories, the salary rates and the fringe benefit rates. We then allowed both real growth in salaries and increases to compensate for inflation. The model automatically increases the maintenance expenditures of the College, whenever we add new square footage to buildings, at the average rate of maintenance cost per square foot, which the model calculates each year, based on inflation wage rates, energy prices and efficiency of energy use, etc.

In addition to the income and expense sides of the budget, there is a separate routine on capital funds. This routine records the growth of the endowment from new gifts, deducts funds returned to plant, allows the endowment to appreciate with a specified growth of market value of the endowment, specifies a rate of dividend and interest earnings, deducts the planned amounts of endowment income spent on operations (which can be greater or less than the value of dividends and interest, since endowment spending is determined in the manner referred to above), and reports the amount spent on operations as a percentage of the market value of the endowment. Of course, it also adds any budget surplus to, and deducts any deficit from, the endowment's market value.

Thus, while the overall structure of the model is quite simple, it is possible to explore the budgetary impact of a wide variety of

different changes in circumstances and in policies, and to see quickly and easily the effects that such changes have on the year-to-year budget balance. It is also easy to follow the relationships of overall expenses, or income, or the income availed from endowment, to the value of the College's endowment. And the reporting feature of the Educom system allows one to generate yearly reports both in summary and in detail that permit one to track any sources of difficulty on an annual basis.

The purpose of the long-term planning models, such as the one we have constructed for use in the 1980s planning, is not to forecast the future with accuracy, but rather to get an understanding of the more- and less-important variables that affect the College's financial situation. And, perhaps more importantly, one gets a feel for the dynamics of the College's finances, including the question of what policy variables produce cumulatively more- or less-favorable results from a budgetary standpoint. The principal use of the model by our committee, therefore, took the form of running the model initially with changes in one, then another, then a third, policy variable or specification of outside circumstances (such as The Consumer Price Index or the rate of total return on the managed portion of the College's endowment). Once we had explored a variety of changes one by one, we worked on the construction of a package or collection of policy choices that, given what we thought were plausible views about external circumstances, would produce a budgetary equilibrium for the College through the decade.

Table B-1 gives some of the results of the initial exercises, based on an assumption of nine percent inflation in the Consumer Price Index and 12 percent in energy and book costs. The first line gives the total expenses in the ninth and tenth years of the model run for purposes of reference, so the reader can get a sense of how important the various policy or circumstantial changes really are. The remainder of the table indicates the effects of various changes in individual policies or circumstances given the basic projection with nine percent inflation. For example, the first line shows that the cost of returning to a student/faculty ratio of 12/1 is an increase in the deficit, or a decrease in the surplus, of year 10 by $300,000 on a total budget of more than $50 million. It is obvious from the table that the large dollar items are those related to tuition policy and salary policy, which is why so much of our report is couched in terms of the effects of changes in those two variables.

Finally, the last line indicates the effects of inflation taken by itself. Each percentage point increase in the Consumer Price Index

growth rate over the course of the decade would add about $1 million to the deficit at the end of the decade. The reason, of course, is that virtually all expense items are driven by inflation automatically, while only a portion of the income items automatically respond to inflation. Alumni Fund contributions and the growth of endowment income are the two major items which do not grow automatically with inflation. Thus inflation creates problems primarily because increased costs do not and can not be automatically passed along as increased income through higher fees.

In reaching our conclusions about changes in policy that would produce a reasonable change for budgetary equilibrium over the next decade, we have been guided by the principles indicated in our report. Insofar as possible, we sought changes that would least affect the basic program of the College and that would be realistic with respect to possibilities for tuition and fee increases and performance of gifts, grants and the return on the endowment. Fortunately, we were able to conclude that a substantial number of small changes in policy variables would produce a combination of income increases and cost decreases that would allow the College to remain financially sound through the 1980s.

Impact in Years Nine and Ten of Changes in Policy or in External Conditions ($000)

	Year 9	Year 10
1. Total Expenses — for reference	$45,400	$50,300
2. Return to student/faculty ratio of 12/1	− 270	− 300
3. One percent increase in growth rate of endowment spending on operations	+ 480	+ 575
4. One percent increase in tuition growth rate	+1,070	+1,325
5. Reduction of five administrative officers	+ 220	+ 245
6. Reduction of one percent per year in "other employees"	+ 700	+ 875
7. One percent per year increase in number of financial aid students	− 350	− 450
8. Three percent increase in rate of Alumni Fund growth	+ 500	+ 600
9. Three percent increase in energy inflation rate	− 400	− 500
10. One percent increase in real salary growth	−1,750	−2,150
11. One percent increase in general inflation rate	− 750	− 960

Calculated from 10-year planning model.

Table B-1